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SOVIET UNION WORLD ECONOMY & INTERNATIONAL RELATIONS

No 6, June 1987

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ENGLISH SUMMARY OF MAJOR ARTICLES

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 6, Jun 87 (signed to press 18 May 87) pp 158-159

[Text] E. Kuzmin in the article "Democracy for the People and Democracy for the Elite" reviews this problem by comparing two democracies: the socialist and bourgeois. Lenin's conception of socialism as the creativity of the masses provides the core of the present day conception of acceleration. This conception is central in the programme of restructuring elaborated by the CPSU. Restructuring is the all-round development of democracy of the social system, the real and more active participation of the people in solving all questions of the country's life, full restoration of the Leninist principles of openness, public control, criticism and self-criticism. The author stresses that this process can not proceed autonomously in isolation from the transformations in political, socio-economic and spiritual life. The process should receive strong political purposefulness and scientific validity, greater organizing and ideological work. It is a question of the search for new forms of participation of citizens in management, achievement of better effectiveness of democratic institutes, dynamism of the political system, moulding the corresponding political culture. The article focuses on raising the effectiveness of the Soviets of People's Deputies, trade unions and other organizations. Improving of the electoral system at all levels, giving broader rights to existing public organizations and creating new ones are called upon not only to involve workers in deciding state affairs but to raise this participation to a new level and make it more effective. The author criticizes the formal bourgeois democracy, democracy for minority, democracy for the elite.

"Socialist International (SI) in 'Brandt's Era' and Urgent Problems of World Policy" by I. Shadrina deals with the issues of this leading organization of social democracy as a significant power on the world arena. Since the early 80s this organization has managed to extend considerably its influence beyond the borders of the European continent thanks to its political and ideological activity which has gained notable results on the world and regional levels. Peaceful co-existence, detente, arms control, disarmament, regional conflicts, economic difficulties of capitalism and the environment are among the subjects in its range of interest. Moreover the solution of the problems is largely possible in their interconnection. The author shows that the world political course of the SI in "Brandt's era" is characterized by its heightened interest

in the non-aligned and developing countries. This course may be subdivided into four main directions: the problems of the new world economic order, national-democratic movement in Latin America, the national liberation struggle in South Africa, the Middle East conflicts. Examining the foreign and political course of the SI the author draws the conclusion that the world social democracy is becoming an ever more effective factor of world policy. From its approaches to topical present day issues depends at large the course of events in the world. Despite the contradictions inherent in social-democracy a certain positive shift in the position of the SI gives reason to presuppose that the new political thinking is beginning to penetrate into trends of the working class movement. Thereby a potential anti-war force is considerably expanding, preconditions are being created for transition from peace, based on the "balance of fear" to peace based on the all-embracing system of world security proposed by the Soviet Union.

V. Presnyakov reviews "International Specialization of Western Europe". Proceeding from new statistical data and his own calculations the author focuses on the process of deep participation of West European countries in the world division of labour in the 70-80s. The author analyses certain West European alterations in world market relations, assesses the strong and weak points of its export specialization both on regional and national levels in comparison with the USA and Japan. The article points out that in certain high-tech branches of industry and export West Europe seriously lags behind its partners. Close attention is attached to the proposed and realized measures for overcoming bottle-necks in transboundary specialization of the countries in the region with preference to the widening of export "niches" in the leading and perspective branches. While considering the West European Eureka program the author focuses on its military aspects and arrives at the conclusion that under the existing specialization in the world the region is ever more assuming a military character. He also substantiates the conclusion that the foreign economic relations have turned into one of the decisive factors of economic growth and structural changes in the West European countries. It is pointed out that a role of tremendous importance in the system of world economic relations is attributed to foreign trade.

P. Khvoinik in the article "Uneasy Fate of 'North-South' Dialogue" considers a broad scope of problems dealing with economic interrelations between Western industrial nations and developing countries, the very substance of which is concentrated in the so-called "North-South dialogue". The history and complicated fate of the dialogue is shown. In this connection the author examines recent changes in world economic fabric and their influence on the positions of certain countries in the international division of labour. The analysis of view of the two groups of countries in the dialogue is based mainly on the well known Brandt Commission's report, on various joint documents on foreign economic matters issued by each country group. Evaluation of the balance between the conflicting tendencies towards confrontation and cooperation, as well as revealing the responsibility of Western powers and their transnational corporations for the present stalemate in "North-South dialogue" are put in the centre of the research. The article considers the future possibilities of improving the climate of international economic cooperation and the perspective goals of the forthcoming seventh session of UNCTAD.

A. Semyonov's article "Unemployment Growth and Strategy of Capital on the Labour Market" draws attention to the fact that high unemployment is a peculiarity of a present day capitalist economy. He maintains that a real perspective for its further growth is fraught with grave consequences for capitalism as a social system. The analysis of this noted socio-economic phenomenon demonstrates that in certain countries in view of their distinctions in economic and social development a rather complicated situation of the labour force contingent is concealed behind the general figures of a persistent and growing unemployment. The author notes that to correctly estimate the problem of employment for various categories of working people one could give due consideration to the facts, taken as a whole. He believes that the main of them which may affect the new situation on the labour market is the modifying state-monopoly policy of employment. Such a policy aimed at subordinating the conditions on which the labour force is sold to the capitalist industry would actively react to the changes of the economic situation in general, considerably influencing the economic position of the working class. The author states that corporations by resorting to different scales and forms of utilization of certain categories of working people as a direct object of exploitation only pursue their own interests of profit. The article analyses the changes in the ruling class's economic strategy, aiming at splitting the working class movement.

The editorial Board of the Magazine publishes the papers of a scientific theoretical conference "Existing Peculiarities of the General Crisis of Capitalism" which was held in Moscow in mid March. Prominent scientists, politicians participated in it. The key reports were read at the plenary session. Their further discussion continued in three committees: "Economic, Social and Political Problems of Present Day Capitalism"; "Imperialism and Present Day World Development"; "Imperialism, Neocolonialism and the Anti-Imperialist Struggle of the Developing Countries". The conference was opened by the Director of the Institute of World Economy and International Relations of the Academy of Sciences of the USSR, Academician E.M. Primakov. An introductory report was made by Vice-President of the Academy of Sciences of the USSR, Academician P.N. Fedoseyev.

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CURRENT SOCIALIST DEMOCRACY COMPARED WITH BOURGEOIS DEMOCRACY

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 6, Jun 87 (signed to press 18 May 87) pp 3-13

[Article by E. Kuzmin: "Democracy for the People and Democracy for the Elite"]

[Text] We are just a few months away from a glorious anniversary. An event occurred almost seven decades ago which caused an abrupt turn in the entire course of the history of mankind and inaugurated a new era therein. "The revolution," the CPSU Central Committee appeal to the Soviet people observes, "was an unparalleled surge of the historic creativity of the masses, the stellar hour of a victorious people which had thrown off the yoke of capitalist and manorial exploitation." The Great October initiated an irreversible process in the development of civilization--the replacement of capitalism by a new, higher social and economic formation.

The first to embark on the path of socialist building, our country achieved unprecedented accomplishments. The Soviet Union quickly became a strong industrial power with powerful economic and S&T potential, one of the world's highest levels of education and general culture of the population and a developed system of social security.

These transformations laid a firm basis and sure foundation for continued progress and realization of the policy proclaimed by the CPSU Central Committee April (1985) Plenum and the 27th CPSU Congress of the all-around restructuring of Soviet society and its qualitative renewal. It is a question, as M.S. Gorbachev put it, of "imparting powerful acceleration to the cause begun by the Bolshevik Party almost 70 years ago." The party is emphasizing the revolutionary nature of the work that has been initiated. This is determined by the novelty, scale and complexity of the tasks which have to be tackled and the depth and scale of the charted transformations.

Time is throwing us a serious challenge. The capacity of the socialist society for dynamism, the capacity for rapidly ascending the steps of progress, is once again being tested under the changed conditions, the CPSU Central Committee January (1987) Plenum observed. The whole world is watching the motherland of October: will it be able to fittingly answer the challenge thrown at socialism.

In order to achieve the realization of the strategy of acceleration and restructuring elaborated by the party it is essential to switch on to full power the social mechanisms which have hitherto operated at half-strength, frequently with interruptions, throw away all that is impeding our development and make use of what contributes to the achievement of the set goal. The party considers the main lever and motor which will ensure that the Soviet society reaches new frontiers of social, economic and S&T progress the further development of democracy, the people's self-management and the incorporation in direct work on administering the country of tremendous masses of working people. Under the conditions of the restructuring, when the task of a stimulation of the human factor has arisen so acutely, the CPSU Central Committee January Plenum emphasized, we must turn once again to Lenin's formulation of the question of the maximum democratism of the socialist system, whereby man feels himself to be master and creator.

Lenin's understanding of socialism as the vital creativity of the masses would seem particularly important at the present pivotal stage of history. V.I. Lenin convincingly showed the giant potential of the "subjective factor"--the collective wisdom and will of the working people brought together by progressive ideas and the organizing activity of the Communist Party--and called for the close study and dissemination of that which is valuable and new which is born of their labor and wisdom. And "the more difficult, the greater, the more crucial the new historical task, the more people there should be, millions of whom need to be enlisted in independent participation in the accomplishment of these tasks" (1).

Just as consonant with the spirit of our times is Lenin's idea that the state is strong "when the masses know everything, can judge everything and consent to everything consciously" (2). The process of democratization is inseparable from the consistent establishment in the life of society of the principles of openness, criticism and self-criticism, which are the driving forces of the renewal and an assurance against a repetition of mistakes of the past. The question today is one of principle: either democratization and the development of openness and criticism or social inertia and conservatism.

The policy of the democratization of our society adopted by the party does not, of course, mean some breakup of the existing political system created as a result of the victory of the Great October and subsequent transformations. It was and remains the permanent foundation of socialism. The heart of the matter is to bring social relations into line with the level of development of the productive forces which has been achieved.

In principle this task should be tackled under socialism constantly, by way of the improvement of this aspect of the social organism or the other. "Each step... forward and upward in the development of the productive forces and culture," V.I. Lenin wrote, "must be accompanied by the finishing and remaking of our Soviet system" (3). It is such a task which we are setting ourselves today. And its accomplishment signifies nothing other than the increasingly full revelation of the creative potential of socialism and the infusion of all cells of the social organism with profound democratic content.

Of course, this process cannot be implemented automatically, of its own accord. It needs a strict political focus and scientific substantiation and a great deal of organizational and ideological work. It is a question of a search for new forms of the citizens' participation in management, achievement of the greater efficiency of democratic institutions and dynamism of the political system, formulation in the citizens of motives and incentives for concerned participation in management and their increased self-awareness and the molding of the corresponding political culture. It is essential in this connection to analyze the reasons for the dissimilar political assertiveness of different strata of the population and the display of passiveness on the part of some citizens, as also, incidentally, the pseudo-assertiveness observed in a certain category of people.

Comprehensive democratization is connected with the surmounting of the force of inertia, a break with outmoded, obsolete ideas, a change in the social consciousness and a growth of the level of culture in its broadest understanding and, what is no less important, removal of the contradictions which objectively exist between the constant increase in the masses of people lacking special training who are enlisted in management and the need to enhance the professionalism and competence of management.

The consistent affirmation in the life of society of democratic principles also demands an improvement in its moral-ethical climate and an uncompromising struggle against bureaucratism and formalism impeding the manifestation of capabilities and talents, demeaning man and flagrantly contradicting the truly humanitarian nature of socialist self-management. "The future of socialist democracy," M.S. Gorbachev emphasized, addressing the 20th Komsomol Congress, "is connected with the development of the mechanics of competitiveness in the economy, science and cultural life, a broadening of self-management at all levels and the increased role of the personal initiative of everyone."

Soviet society is being further democratized under the conditions of the growth of the national self-awareness of all nations and nationalities and an intensification of internationalization processes. Particular importance in this respect is attached to the correct and timely solution of the questions arising in the sphere of inter-nation relations on the sole possible basis--in the interests of the burgeoning of each nation and nationality and in the interests of their further rapprochement. The entire atmosphere of our life and joint labor is intended to shape and foster in Soviet people, the youth primarily, feelings of internationalism and Soviet patriotism.

V.I. Lenin taught that the success of revolutionary work, the success of any cardinal restructuring of society, is largely determined by the frame of mind which the party predetermines. It is exceptionally important that it was the CPSU which initiated the restructuring of Soviet society, elaborated its concept and began the tremendous amount of work on mobilization of the creative assertiveness of the masses for the accomplishment of the set tasks. The new situation is making high demands on the party itself and all its members. And it is profoundly logical that the question of a restructuring of personnel policy also--a question of decisive significance for the successful realization of the scheduled strategy--was submitted for discussion at the

CPSU Central Committee January Plenum. Extending the restructuring in society means reorganizing the work of the party--from the Central Committee to the primary organizations--and means creatively interpreting and consistently pursuing at all levels Lenin's principles and rules of party life, the plenum emphasized.

The restructuring demands of officials competence and high professionalism, organization and discipline and enterprise and efficiency. Particular significance is attached to the high morality of party personnel--honesty, incorruptibility, modesty.

Yet, as the plenum observed, far from all party organizations were able to stand firm on positions of principle and conduct a resolute struggle for strict compliance with the Leninist rules and principles of party life and against a variety of negative phenomena. Collegiality in work was violated, and the role of party meetings and the elective authorities weakened. The statutory guarantees of the purity of the party ranks frequently did not work. Some categories of executive communists proved to be beyond supervision and criticism altogether. Two opposite trends got along side by side in personnel policy: on the one hand artificial stability among the secretaries of a number of party committees and officials of soviet and management authorities of all levels, which essentially became personnel stagnation, and, on the other, great changeability and leap-frogging in industrial enterprise, kolkhoz, sovkhoz and construction and other organization executive personnel. Considerable damage was done by a technocratic, "administrative-restrictive" workstyle. Immersed in management concerns and having assumed in a number of cases functions outside of their province, many party officials paid less attention to political questions.

The CPSU considers a most important condition of the surmounting of the negative trends and deformations a decisive unfolding and extension of intraparty democracy, primarily at the time of the formation of the executive bodies of party organizations of all levels, and the extensive development of openness, criticism and self-criticism--proven instruments of socialist democracy.

Persistently seeking to mobilize the assertiveness and creative enterprise of the masses, the party attaches particular significance to an improvement in all aspects of the activity of the organs of state power--the soviets of people's deputies. Expressing the will and interests of various social groups and working people of all nations and nationalities of the country, they are a truly all-embracing organization of the people embodying their unity and form of state existence. The soviets today mean 2.3 million deputies, who rely in their work on more than 30 million activists.

These figures are sufficiently eloquent testimony to the democratism of the Soviet system. However, mass character in democracy is not an end in itself. It is today a question of the impressive quantitative indicators of the level of socialist democratism (and in respect of them we are, it may be said, very close to the accomplishment of the task of transition from the mass to the per capita participation of the citizens in the administration of public affairs) being supplemented by qualitative characteristics, the main one of which is an

increase in the effectiveness and efficiency of all forms of socialist democracy. Account also has to be taken of the fact that the high indicators of general political assertiveness frequently conceal the far from identical assertiveness of various strata of the population and the passiveness even of some citizens.

A great deal of work has been done in recent years to enhance the role of the soviets in the solution of various questions of state, economic and socio-cultural building. The powers of the organs of authority have grown considerably, their material base has been reinforced and ties to the masses have become closer. All this has contributed to the increased efficiency of the activity of the soviets and the growth of their influence on all aspects of the life of society.

At the same time, as the CPSU Central Committee January Plenum observed, the changes that are taking place can satisfy us in far from all respects. Life demands the surmounting of the continuing inertia in the work of the organs of power and the habit of waiting for instructions "from above".

It is necessary to formulate and implement measures which will ensure the decisive role of the collegial, elective bodies and that no executive authority, its machinery even less, substitute for the elective body and elevate itself above the latter. This will be a dependable guarantee against many mistakes, in personnel work included. It is essential to strengthen the democratic principles of sessions of the supreme and local soviets and also their standing commissions and increase the efficacy of the regular accountability of officials and deputy inquiries. It is important to rid the practice of the promotion and discussion of deputy candidates of elements of formalism and afford the electorate an opportunity to express its attitude toward a larger number of nominations and participate effectively in the electoral process at all its stages. Many approaches, which are to be made the basis of the new electoral system and enshrined in a corresponding law, will be officially approved in 1987 even in the course of the campaign for election to the local soviets.

In a word, it is a question of a decisive change in the functioning of the soviets designed to subordinate the entire activity of the organs of power to the accomplishment of the fundamental, most urgent tasks facing the country.

The principle in accordance with which all citizens have an opportunity to form associations, unions and other organizations for the adequate expression of their interests is enshrined in the constitutions and is consistently realized in the Soviet Union and the other socialist states. The significance of this function increases under the conditions of the restructuring.

The unions, for example, are called on to act as a kind of counterweight to technocratic propensities in the economic sphere, to seek a strengthening of the social focus of economic decisions which are adopted and to put forward, where necessary, alternative proposals. The 18th Trade Unions Congress supported the idea of the most populous organizations of the working people being accorded the right to stop the implementation of decisions concerning pay conditions and work and recreation hours adopted without their knowledge

and to participate actively in the formulation of price policy in respect of diverse goods and services.

Under the conditions of the profound changes occurring in our society fundamental significance is attached to the question of the position of the younger generation and its attitude toward the restructuring. It is essential to reveal the prospects to the youth and provide an outlet for its energy and creativity. This presupposes the granting to the younger generation of great independence in the organization of labor, studies, social life and leisure time and also the right to participate in management at all levels and simultaneously demands increased responsibility on the part of the youth for its affairs and conduct. Such is the meaning of the decisions of the CPSU Central Committee January Plenum and the 20th Komsomol Congress.

The cooperative movement, which not only has not exhausted its possibilities but also has big development prospects, is called on to play an essential part in the accomplishment of the tasks confronting the country. Considerable potential for Soviet people's increased civic initiative and responsibility is contained in a further upsurge of the assertiveness of the artistic unions, scientific, S&T, cultural-educational, sports, defense and other voluntary societies and organs of the population's voluntary independent activity. New social organizations--the All-Union War and Labor Veterans Organization and the Soviet Culture Foundation--have been created. The councils of women in the workforce and at the place of residence, whose activity is directed by the Soviet Women's Committee, are called on to play a substantial part in the solution of a wide range of social questions.

Genuine democracy exists only when the working people are guaranteed the possibility of participating in the management of production--the decisive sphere of human activity. And this is a principal divide between actual socialist democratism and formal bourgeois democracy. It is natural that the party sees precisely a further increase in the initiative and creative assertiveness of the workforce and its production cells as the key to the increasingly full use of the advantages of socialism. As practice shows, labor productivity, product quality and a reduction in prime costs grow more rapidly where the working people participate extensively and actively in production management and where public opinion is ascertained and used as fully as possible.

The CPSU Central Committee January Plenum stressed the importance of ensuring conditions for the constant replenishment of executive personnel with fresh forces and a considerable increase in the working people's influence on the selection of personnel and supervision of its work. There is an urgent need for democratization of the process of formation of the executive composition of enterprises and an extension of the practice of application of the competitive system of the selection and replacement of executives and specialists. Importance is attached to increased supervision of the activity of the personnel "from above" and, particularly, "from below" and consistent realization of Lenin's demand that the work of the executive bodies be open to all and be performed in the sight of the masses. The regular accountability of officials to the workforce and the population with the working people being accorded the right to evaluate the activity of executives, as far as

formulation of the question of the dismissal of officials who fail to cope with their duties or who have compromised themselves, is essential to this end.

The State Enterprise (Association) Act which is being drawn up at the present time is designed to fundamentally change the conditions and methods of management and enshrine new forms of self-management born of the creativity of the masses. The act will realize a most important principle of the party, namely, the policy of the effective use of direct democracy and the endowment of general meetings and councils of the workforce with the powers to decide questions of production and social and personnel policy.

Practice is outpacing intentions. Although the act is still being drawn up as yet, the electivity of management for which it provides has already become a part of practice: executives of many organizations--enterprises and research and artistic worker groups--have taken up their positions as a result of competitive selection and election. The process of democratization demands that the direct participation of the working people in the process of formation of the executive component become the rule. Then every worker will be involved in the solution of basic questions of production and will feel himself to be a proprietor of the enterprise.

The political assertiveness of the citizens is also expressed in the course of their exercise of the functions of self-management at the place of residence (people's meetings, rural assemblies and so forth). True, there is much unutilized potential here also. It is far from everywhere that the meetings and assemblies are conducted regularly, they have been insufficiently prepared at times and the low assertiveness of their participants is a frequent phenomenon. The problem of the participation in these forms of direct democracy of all or, at least, the majority of citizens, particularly in the large villages, remains an unsolved problem also.

V.I. Lenin pointed repeatedly to the importance of the consideration of public opinion in the process of management of the affairs of society and the state. "We will be able to administer only when," he wrote, "we correctly express that to which the people are alive" (4). What are the methods of ascertaining public opinion? The organization of polls of the population, questionnaires and nationwide discussion of the most important issues in the life of the country. They not only provide for the possibility of "feedback" between management and the broad masses but are also of great political and educational significance and contribute to the formation of an active civic position and the preparation of the population for the acceptance of this measure or the other. The truly nationwide discussion of the draft of the current USSR Constitution, party documents, the State Enterprise (Association) Act and so forth may serve as an example.

Of course, far from all opportunities afforded by this form of direct democracy are being used. Much has to be done, for example, in the plane of an improvement in the mechanics of ascertainment of public opinion by way of the extensive discussion of this question of statewide and local significance. Certain studies point to the not entirely felicitous state of affairs in this field. Thus, according to the data of one such, only 12 percent of persons

polled have participated in the discussion of draft local soviet decisions. This passiveness is by no means always a consequence of the indifference of some citizens. It is frequently an indicator of a bureaucratic formal approach to the realization of important social and political measures.

An improvement in the mechanism of the ascertainment of public opinion demands, together with a struggle against bureaucratism, the further elaboration on a scientific basis and the legal structuring of a procedure of the registration, systematization and collation of the results of the public's discussion of most important questions in the life of society.

In the enhancement of openness and the development of all forms of direct democracy it is difficult to exaggerate the role of the mass media, television particularly. It is sufficient to mention the extensive social repercussions elicited by broadcasts in which ministry and department executives present accounts of their activity, as it were. In the future it may evidently be possible to undertake the direct televising of individual sessions of the USSR Supreme Soviet and its bodies, local soviets and boards of ministries and departments (health, education, consumer services and so forth). In this way "telebridges," as it were (including those operating in the "question and answer" mode), between officials and the population would be organized.

Genuine democracy does not exist outside of and above the law. The 27th CPSU Congress determined the main directions of the development of legislation and a strengthening of the rule of law. It will be necessary in the current 5-year period to perform a great deal of work on the preparation and enactment of new laws connected with an improvement in the economic mechanism, an extension of self-management and a strengthening of the guarantees of the citizens' rights and liberties.

An essential condition of the democratization of the socialist society is the growth of the material well-being and standard of service of the population. As a result additional reserves of free time for participation in public affairs are emerging. In this sense each step aimed at an improvement in the living conditions and an enhancement of the quality of life (supplies, the work of transport, social security, medical services and such) of millions of people is of political significance.

Rejecting all manifestations of an extra-class-based, extra-party interpretation of democracy and empty twaddle and demagogy, the party is working persistently on an extension of the socialist self-management of the people and its increasingly close linkage with an increase in society of organization and discipline. I believe that just as the economic system of socialism requires incentives to labor based on collective and personal interest, its political system also is designed to cultivate in each citizen incentives based on collective and personal interest to participation in management and the expression and defense of one's opinion.

Communists are far from imagining socialist democracy to be a rigid outline in which various viewpoints are always brought to a common denominator. Political life in the socialist countries testifies that it is in the course of an extensive exchange of opinions and public discussion that all questions are

best clarified and the most correct decisions are born. Constructive criticism should be regarded as a component of the natural working condition of society and a principal lever of the solution of contradictions and geared to the eradication of what is obsolete and the utmost strengthening and development of socialist democracy and the social system. No organization and no worker may remain outside of the zone of criticism--this fundamental proposition has now been incorporated in the CPSU Program and Rules. The CPSU Central Committee January Plenum deemed it opportune to embark on the elaboration of legal instruments guaranteeing publicity. They are designed to ensure the maximum openness in the activity of state and social organizations and to afford the working people a real opportunity to express their opinion on any question of social life.

II

The process of the restructuring and renewal of Soviet society, which is gaining momentum, is attracting close attention throughout the world. The reaction to the transformations being implemented in our country is, naturally, ambiguous. It is indicative, however, that even the mass information organs of the West which could by no means be suspected of a liking for socialism cannot fail to recognize the scale, depth and truly innovative spirit of the restructuring. As the American BALTIMORE SUN newspaper observed, for example, the "call for open and frank discussion of the country's problems" contained in the report at the CPSU Central Committee January Plenum testifies to an aspiration to revive the spirit of lively creative discussion which existed in the party in the years of Lenin's leadership prior to the October Revolution and after it. "The proposals put to the plenum," the London TIMES wrote, "signify a most radical change in the activity of the Communist Party."

Of course, together with such assessments there are also many others directly opposite in tone, in which malevolence or unconcealed spite literally show through. Some of our ideological adversaries are attempting to prove that the socialist system as such will "accept" neither a democratization of society nor effective economic reforms. The hope is expressed here plainly or in concealed form that the restructuring process will founder as a result of resistance on the part of "conservative elements of society" fearing a loss of their privileges. Other critics are endeavoring to portray the transformations which are taking place merely as "cosmetic changes," some "restoration of the facade," "an attempt to somehow patch up the holes in the system" and so forth. Sometimes there is the importunate proposition that the USSR will succeed in surmounting the "crisis" only if it turns aside from the socialist path.

It is not difficult to see that two different issues are being confused in all these "arguments": the negative phenomena which have built up in the economy and sociopolitical life and the very essence of the socialist system. A definite procedural calculation may be discerned here--to present the mistakes and oversights mainly of a subjective nature (they have been discussed with the maximum honesty and bluntness by the party) as some organic defects of socialism and thereby strengthen the positions of the capitalist system in the struggle for "minds". In the eyes of bourgeois ideologists the

importance of this task is increasing in line with on the one hand the growth of the magnetic force of the ideas of socialism and, on the other, the increasingly apparent historical perdition of capitalism. "Present-day capitalism is largely different from what it was at the start and even in the middle of the 20th century," the party program observes. "Under the conditions of state-monopoly capitalism combining the power of the monopolies and the state the conflict between the productive forces, which have grown hugely, and capitalist production relations is becoming increasingly acute. The intrinsic instability of the economy is intensifying, which is being expressed in a slowing of its overall growth rate and the interweaving and extension of cyclical and structural crises. Mass unemployment and inflation have become chronic ailments, and budget deficits and the national debt have reached colossal proportions."

Crisis phenomena are being observed not only in the sphere of the economy but also the functioning of the institutions of power and the political system. Even certain bourgeois scholars and commentators are now declaring a "gulf between the government and the people" and the "suicide of democracy". But such pronouncements are drowning in the overall stream of publications designed to persuade the public of the viability of contemporary "pluralist democracy" and its "advantages" over the political institutions of real socialism with its allegedly "all-embracing control" over the citizens' life, "suppression of personal freedom and initiative" and so forth.

As is known, in accordance with the "classical" model of "pluralist democracy," power in the contemporary capitalist society is dispersed among many organizations and groups, and the state represents just one of these organizations, what is more. A distinctive variety of this model is the touched-up version of the "elite" theories--the concept of "elitist pluralism" or "democratic elitism"--which represents an attempt to combine two opposite approaches to a study of the problem of the distribution of power. Within the framework of this concept the basic question of democracy--the participation of the ordinary citizen in the political process--becomes secondary, and the problem of securing the conditions for the existence of "stable, efficient and rationally oriented government" moves to the fore. The list of these conditions includes the existence of competing elite groups, general agreement concerning the rules of democratic competition, elections and so forth.

Thus, the well-known American political scientist S. Huntington believes, democratic government is possible only under the conditions of an economically highly developed society, in which there is a separation of power and leadership is based on consent; opportunity, income and wealth are distributed more evenly than in poor countries. Of course, it is a question of the "industrialized" capitalist society. This can be seen from Huntington's assertions that a high level of development may be secured only by a "market economy". Whence the conclusion: all political democracies have a "market economy," although in practice it does not per se, the American political scientist acknowledges, guarantee a democratic system. An essential additional condition is the dispersal of economic power, which affords an opportunity for the elites controlling the economy to limit state power and, employing democratic means, put it at the service of their interests (5).

Granted all the differences between the "classical" pluralist and elite-technocratic concepts (there are, besides, many theories and views of an intermediate, median thrust), they have in common an endeavor to portray the state as some supraclass force experiencing pressure on the part of competing "interest groups". In accordance with this outline, the decisions adopted by state power are the result of the "free play" of diverse political forces (in the "elitist pluralism" concept, of elites) with the use of democratic rights--suffrage, the right to associate in political parties and create "pressure groups" and so forth.

Such theoretical constructions are far from actual life. Contrary to the assertions of bourgeois ideologists concerning the "dispersal" of power in capitalist society and the "neutral," "supraclass" nature of the state, the directly opposite picture is observed in reality: wealth and power are increasingly concentrated in the hands of the financial-industrial oligarchy, and there is a further fusion of the machinery of state and the monopolies.

Representatives of monopoly circles and their organizations in an alliance with politicians form essentially an "invisible government". The most important political decisions are adopted in this circle, whence the activity of the parties expressing the interests of the ruling class is directed and the strategy of the propaganda of the mass media, which are under the control of capital, is determined.

Particular assertiveness is displayed by business connected with military orders. The military-industrial complexes concentrate to an increasingly great extent the real levers of power in the developed bourgeois states, which is having a negative impact on the development of political and social processes and phenomena and entailing a serious threat to the cause of peace, democracy and progress.

Gambling mainly on government establishments, monopoly circles are contributing to a strengthening of bureaucratic, "machinery" trends within the executive authority itself, within the framework of its own structure. In the estimation of D. Yates, professor at Yale University, in the United States the bureaucracy has become "simultaneously legislator, administrator and judge," which, as he acknowledges, represents a "threat to the fundamental standards of pluralist democracy" (6).

The discrepancy between many of its postulates and the actual state of affairs is manifested most graphically, perhaps, in the fall in the role of the representative institutions, which, in accordance with traditional bourgeois-democratic doctrine, embody popular leadership. In practice, however, most important state decisions are often adopted without the participation of parliament by persons who are not in fact accountable to it. Even bourgeois specialists admit that actual policy is "made" outside of the representative institutions.

This structure best corresponds to the interests of the monopoly elite. The government, the executive power, is a far more flexible and prompt instrument than parliament. On the one hand this affords capital an opportunity to realize this goal or the other with fewer costs and, on the other, seriously

limits the access to the actual levers of power of the forces opposed to the monopolies. When the current mechanism does not "work," the arm-twisting of the legislators method is put to use.

Endeavoring to reduce the possibility of such interruptions to a minimum, the financial oligarchy keeps the course of the electoral process under its control and forms a parliamentary composition which is beneficial to it. The constantly growing expenditure on elections (in the United States, for example, the "cost" of a seat in the Senate has long been expressed in six figures) and the strict selection of candidates by the party leadership essentially deprives the voting masses of the possibility of exerting a real influence on the formation of the body of members. This is frequently a consequence of "separation" from the interests of the voters whom they represent and also strict factional discipline.

Not confining themselves to the machinery of state and the political parties, the monopolies make extensive use for the realization of their interests of other organizations also (class-collaborationist trade unions, business "pressure groups," charitable foundations under the control of big business, consulting institutions and so forth).

The concentration in the hands of monopoly capital of the main levers of power inevitably leads to an intensification of reactionary trends in the life of society, the limitation and winding down of democracy and an orgy of racism and nationalism. V.I. Lenin once wrote about this. At the same time he warned against a simplistic understanding of this process. According to him, imperialism "endeavors to replace democracy with oligarchy in general" (7), which, however, "does not stop the development of capitalism and the growth of democratic trends in the mass of the population but EXACERBATES the antagonism between these democratic aspirations and the antidemocratic tendency of the trusts" (8). It is in the struggle of two opposites--the forces of reaction on the one hand and the forces of progress on the other--that the dialectics of bourgeois democracy and its limits and possibilities are revealed.

It would not be legitimate reducing the significance, say, of capitalist countries' legislative bodies to the function of a rubber stamp merely reinforcing all the government's proposals. Account has to be taken also of the fact that under the pressure of the working people and to obtain the electorate's vote bourgeois political parties are forced at times to advance democratic slogans and include in their election programs individual propositions of a progressive resonance. We would recall, finally, that V.I. Lenin pointed repeatedly to the need for the consideration of the specific political conditions at the time of evaluation of the role of parliament and considered it naive to "take parliamentarianism" in its "pure form," in the "'idea' and not in its actual situation." Under certain historical conditions, he observed, parliamentarianism could be for a time "the effective touchstone of all policy" (9).

It may be said that, given the "normal" functioning of the bourgeois political system, democratic forms are for the ruling elite preferable to authoritarian forms, which have obvious costs. Democratic institutions afford it an opportunity to catch manifestations of the masses' discontent and, thanks to

this, make the necessary adjustments to policy, opportunely alleviate the factors which gave rise to the protest and mitigate (but not reconcile, of course) contradictions. Authoritarian regimes, on the other hand, intolerant of any dissent, afford no such opportunity. As a result the discontent could reach "critical mass" and lead to a social explosion fraught with catastrophe for the ruling elite.

No "modifications" and maneuvers of present-day capitalism will abolish or can abolish the laws of its development and cannot remove the acute antagonism between labor and capital and between the monopolies and society and extricate the historically doomed capitalist system from the state of all-embracing crisis, the CPSU Program emphasizes. "The dialectics of development are such that the very resources which capitalism is putting to use for the purpose of strengthening its positions will inevitably lead to an exacerbation of all its deep-seated contradictions. Imperialism is parasitical, putrescent and moribund capitalism and the eve of socialist revolution."

Communists and the working class operating in the capitalist countries are endeavoring on the one hand to hamper and weaken the growth of reactionary trends in the functioning of the political system of capital and, on the other, within the framework of existing institutions to take advantage of the opportunities for upholding the interests of the working people and defending and extending the rights and freedoms they have won in stubborn class struggle.

In our day the concept of democracy is outgrowing its original meaning and becoming a kind of boundary separating progress from conservatism and retrograde steps and, ultimately, from reaction in all walks of life. A meeting of social scientists held in Moscow in mid-April emphasized particularly that for socialism democracy is the most important, more precisely, the sole possible mode even of its existence as a social system, as a social organism. Stimulating all that serves socialism and affording an opportunity for revelation in full of the potential contained therein are only possible through democracy and its extension and development.

Man as the purpose of progress really moves to the center in the renewed system of value coordinates. Based on the firm foundation of democracy, the concentrated will of the people is a most important means of the solution of questions which are of vital importance for the fate of civilization at the critical stage of world history--ensuring lasting peace on earth and eliminating the threat of the self-annihilation of mankind.

(CENTER)FOOTNOTES

1. V.I. Lenin, "Complete Works," vol 36, p 446.
2. Ibid., vol 35, p 21.
3. Ibid., vol 44, p 224.
4. Ibid., vol 45, p 112.

5. See POLITICAL SCIENCE QUARTERLY No 2, 1984, p 195.
6. D. Yates, "Bureaucratic Democracy: the Search for Democracy and Efficiency in American Government," Cambridge (Mass.)--London, 1982, p 115.
7. V.I. Lenin, "Complete Works," vol 30, p 95.
8. Ibid., p 102.
9. See V.I. Lenin, "Complete Works," vol 12, p 380; vol 11, p 245.

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ROLE, INFLUENCE OF SOCIALIST INTERNATIONAL TODAY

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 6, Jun 87 (signed to press 18 May 87) pp 14-28

[Article by I. Shadrina: "The Socialist International in the 'Brandt Era' and Pressing Problems of World Politics"]

[Text] An essential conclusion drawn at the 27th CPSU Congress in the course of creative analysis of the specific features of the present stage of international development is the idea of the need to find ways of the closer and more productive cooperation with governments, parties and social organizations and movements which are really concerned for the fate of peace on earth and with all peoples for the sake of the creation of an all-embracing system of international security.

Particular significance is attached in this connection to the task of stimulation of the cooperation between the main currents in the international workers movement. The CPSU Program adopted at the 27th party congress emphasizes: "The CPSU will continue the policy geared to the development of relations with socialist, social democratic and labor parties. Cooperation with them could play a significant part primarily in the prevention of nuclear war. However deep the differences between different currents of the workers movement, this is not an obstacle to a fruitful and systematic exchange of opinions and parallel or joint actions against the military danger, for an improvement in the international situation and the elimination of the vestiges of colonialism and for the interests and rights of the working people."

I

Present-day social democracy represents a significant political force on the international scene. It has traditionally enjoyed and continues to enjoy its greatest influence in the West European countries. However, as of the start of the 1980's, primarily as a result of the stimulation of the political and ideological activity of the Socialist International--the head organization of international social democracy--the latter has begun increasingly to assume the nature of a movement which has succeeded in extending its influence beyond the European continent.

The surmounting of the so-called "Eurocentrism" has not, nonetheless, lessened

the influence of the West European members of the Socialist International on its activity. R. Sears (Canada), former assistant secretary general of the Socialist International, observed: "Owing to the historical factors, significance and cohesion both among themselves and within each individual party, there will be no change soon in the political importance of Europe (West--I.Sh.) within our ideological family" (1).

At the present time the Socialist International unites 82 parties with a total number of members of approximately 20 million. The parties which constitute it have, according to their own data, an electorate of more than 120 persons.

The leaders of the Socialist International are, as a rule, leaders of major political standing, which affords it an opportunity to avail itself at once of two advantages: the unfettered initiative of a nongovernment organization and close ties to ruling or leading opposition circles both in the states of the West and in a number of developing countries.

A high degree of organization of social democracy at the world and regional levels has been achieved in the last decade. This is manifested primarily in the regular convening of congresses of the Socialist International, the active functioning of its regional alliances and committees, the activity of special commissions and the constant improvement of organizational structures and personnel policy and also in the considerably closer interaction than before with such "fraternal organizations" as the International Young Socialists Union, the International Social Democratic Women's Union and the European Parliament's Social Democratic Faction.

The Socialist International's aspiration to "universalization" has become a characteristic trend. This applies not only to composition and organizational structures but also the set of problems for study. The list of official concerns includes new--and most urgent, what is more--questions of world politics such as peaceful coexistence and detente in the nuclear age, limitation of the arms race, regional conflicts, economic difficulties of capitalism, environmental protection and so forth.

The most important international problems are examined here more often than not not in isolation, as was the case previously, but in interconnection. Questions of military detente have come to be interpreted, for example, from the viewpoint of the establishment of a fairer world economic order.

According to the opinion widespread in the West, the process of stimulation of the Socialist International has been closely connected with the election at the 13th congress (Geneva, 1976) as its chairman of W. Brandt. To a certain extent so it has. A whole number of factors made his candidacy the most suitable for the accomplishment of this difficult mission. W. Brandt enjoys high authority in international circles both in the West and in the East as a creator of the FRG's "new Ostpolitik," which became a cornerstone in the foundation of European detente. He retained not only an actual executive position in the SPD but also the post of party chairman, which he held until the end of March 1987. In addition, the personal ties which W. Brandt had already established to representatives of a number of political currents of the "third world" and also such of his qualities as the capacity for finding a

way out of difficult situations, reconciling extreme currents and seeking ways of compromise while holding firmly to his own beliefs and an ability to attract new supporters were taken into consideration. All this played its part in converting the Socialist International into an influential factor of international life and led to the emergence within circles thereof of the term the "Brandt era".

At the same time, however, it should be acknowledged that the stimulation of the activity of this organization has in actual fact been a derivative, as it were, of the complex problems and tasks which international and primarily West European social democracy has objectively encountered in the final quarter of the 20th century in the sphere of world economics and politics.

Social democratic ideas concerning the "surmounting" of capitalism and its class antagonisms and the "welfare state" have found themselves strongly shaken as a result of the intensification of the contradictions of imperialism. The exacerbation of economic problems of North-South mutual relations and the tasks of providing for the so-called "economic security" of capitalism under the conditions of the socioeconomic and political changes in the developing countries also prompted the leaders of social democracy (West European primarily) to reconsider a number of former concepts. This was required also by their aspiration to direct the processes occurring in Latin American, African and Asian countries into a reformist channel.

The policy adopted by the R. Reagan administration of increased economic, political and military pressure on the Soviet Union and its allies and its orientation toward the attainment of military superiority demanded, in turn, from social democracy more active involvement in the search for a solution of the central problem of the present day--the prevention of war and preservation of peace. Social democracy encountered the need for a more clear-cut definition of positions. Continuation of a vague, ambiguous policy on these issues was becoming increasingly difficult. Social democratic leaders were also being pushed in the same direction by the considerably increased mass popular movement in Western countries in defense of peace and security and against the arms race and mutual nuclear annihilation.

It should be noted that there was also a number of factors objectively conducive to a stimulation of the international-policy course and growth of the influence of the Socialist International. We should put among these primarily the trend which was becoming established in West Europe toward a more independent foreign policy in relation to the United States brought about by specific features of the interests of the countries of the region in the world arena and also the ever increasing internationalization of the interests of West Europe. The efforts of the Socialist International and its nucleus--West European social democracy--thus coincided with the general vector of the aspirations of West Europe's ruling circles.

The stimulation of the Socialist International's activity was also brought about to a considerable extent by the fact that the theoretical developments and practical embodiment of the plans for the extension of the concept of "democratic socialism" beyond the confines of the Old World had enjoyed a certain response in the world of the developing countries, where an intensive

search for possible paths of social and political development was under way.

Among other factors favorable to social democracy we may put the weakness of the organizational forms of the international cooperation of bourgeois parties, the increased role of nongovernment organizations in the struggle for peace and disarmament and so forth.

II

As of the 13th Socialist International Congress questions of detente and disarmament have become topic No 1 both at the congresses themselves and at special conferences and regional committee and commission sessions. Considering the urgency of the problem, the Disarmament Working Group, which was headed by K. Sorsa, chairman of Finland's Social Democratic Party, was formed in 1978. Later the "Sorsa Group" was converted into a standing body--the Consultative Council for Disarmament and Arms Control. Its imputed duty was the establishment of regular contacts and the holding of consultations with the countries and organizations on which a solution of questions of limiting the arms race depends. Since that time "Sorsa missions" have met repeatedly with the leaders of the USSR and the United States and been to the United States.

Granted all the ambiguity and inconsistency of the policy of the parties constituting the Socialist International in the struggle for peace and disarmament, among the factors determining this policy those which at one time, at the start of the 1970's, enabled the social democrats of the FRG and other countries to make a serious contribution to the relaxation of international tension, on the European continent primarily, are predominant, as before.

It is primarily a question of the fact that, by virtue of its social base, social reformism has by and large traditionally contained considerable antiwar potential. Growing concern for the fate of mankind in the face of the military threat is releasing this potential and prompting the leaders of the Socialist International to more assertive actions. Further, social democracy as a political movement, irrespective of opportunist and tactical considerations in this specific circumstance or the other, has an objective interest in the preservation of general peace and the system of bourgeois parliamentarianism inasmuch as without preservation of the latter the active life of social democracy itself is impossible. In addition, the leaders of the Socialist International also recognize that the unlimited increase in military spending is not only narrowing the sociopolitical possibilities of the pursuit of a reformist policy in Western countries but also impeding the expansion of its influence in Asian, African and Latin American states.

To all this is added recognition, in B. Kreisky's words, of the fact that "detente policy is seen differently from Houston and Texas than from Vienna, Copenhagen, Stockholm or Bonn" (2). And one further circumstance of considerable importance--hopes that it might be possible in the long term, using the flag of "democratic socialism," to attempt to achieve the "erosion" of the social and political system which exists in the socialist countries. It is assumed that it will be easier to achieve this strategic goal under

conditions of detente and cooperation with the socialist world. And, finally, from the domestic policy viewpoint assertive action in support of peace and disarmament should, social democratic leaders believe, help them to a considerable extent in the struggle against the bourgeois and liberal parties to attract the masses of the population, the voters particularly, to their side.

In the 1980's the weakening of "Eurocentrism" in organizational structures and personnel policy and the internationalization of the activity of the Socialist International have led to the social democracy of the emergent states having a considerably stronger impact on its leaders' international policy than before. At the second disarmament conference (October 1985, Vienna) concern at the unchecked arms race and the danger of nuclear confrontation was expressed not only by representatives of West Europe, where the risk of such a clash is particularly great, but also by their colleagues from developing countries. "The engineering and development of all types of arms," G. Ungo, vice president of the Socialist International and chairman of El Salvador's Democratic Revolutionary Front, observed, "is cause for concern for peoples of the 'third world,' in Latin America particularly. In the event of a large-scale nuclear conflict it is hardly likely that our countries, which are so close to both the United States and strategically important targets like the Panama Canal, for example, would escape catastrophe" (3).

The fact that there was at the conference for the first time quite definite support for the "joint security partnership" concept, whose elaboration has in recent years been undertaken persistently by the Palme Commission and West German social democrats, was of fundamental significance. Whereas in the recent past the majority of socialist and social democratic parties of the NATO states unreservedly supported the bloc's military doctrines based on the strategy of "nuclear deterrence," they now, while not questioning participation in the bloc, are adopting a skeptical attitude toward its role in curbing the arms race, advocating a renunciation of attempts to achieve military superiority to the USSR and its allies and proposing that the "nuclear deterrence" concept be replaced by the idea of East-West "partnership" in ensuring joint security. "It is necessary to enhance not the quality of weapons but the quality of policy," the "Vienna Appeal" says. "Disarmament, peaceful cooperation, detente--this is the sole intelligent response to the danger threatening mankind" (4).

Paying tribute to the "balanced" approach to the policy of the USSR and the United States traditional for social democracy, the participants in the Vienna forum avoided a direct reply to the question of who is directly responsible for the tension and the arms race. A certain endeavor to play the part of some independent "third force" exerting "pressure on the two superpowers simultaneously" announced its presence here. Nonetheless, an understanding that the positions of the USSR and the United States differ appreciably in questions of war and peace was manifested distinctly at the conference (particularly during discussion of specific problems of limiting the arms race and of disarmament, solving regional conflicts and so forth).

The parties which are members of the Socialist International supported the creation of nuclear-free zones in Northern and Central Europe, in the Balkans

and on the Korean peninsula and also welcomed the signing in August 1985 of the Rarotonga Treaty declaring the South Pacific a nuclear-free zone.

The participants in the Vienna meeting displayed unanimity on the question of the need to prevent the spread of the arms race to space, for the abandonment of plans to create ASAT and ABM space-based weapons and to ensure undeviating compliance with the Soviet-American 1972 ABM Treaty. Condemning the plans for the militarization of space as "an obstacle to the achievement of any mutual understanding," W. Brandt, who addressed the conference, observed: "The elaboration of space-based strategic defense concepts represents an attempt to find not a political but rather a technical solution to the problem of general survival. Experience suggests that such attempts will not succeed. No side will permit the other side to gain advantages which ensure for it military superiority. If, despite this experience, the arms race is transferred to outer space, it is to be feared that as a result not only will there be an increase in the number of both defensive and offensive weapons but an opportunity to settle East-West relations politically and thereby achieve a higher level of security will have been lost" (5).

The critical observations of West European social democracy apropos the United States' space strategy apply basically to three issues: the SDI represents a threat to international security since it pushes in the direction of an arms race; it throws down a technological challenge to West Europe, which has to make a dash in this sphere in order not to lag behind the United States; in time the SDI could give rise to the danger of an acceleration of strategic "disengagement" between the United States and West Europe inasmuch as it will create within the NATO framework "zones of a varying level of security". As K. Voigt, a leader of the SPD, declared, the SDI appears to West European social democrats to be a "strategic error and political impasse" (6).

Despite the officially proclaimed negative attitude of the Socialist International leadership toward the SDI, the views of individual parties therein are far from identical. Thus the French Socialist Party, Italian Socialist Party and Italian Social Democratic Party do not rule out the possibility of their countries' participation in a number of partial programs within the SDI framework, referring to the technological and financial benefits which their realization could allegedly produce. Rejecting such a viewpoint, the SPD leadership issued the following statement in March 1985: "The assumption that West European countries could participate in technological research without sharing military responsibility, possible consequences and financial burdens is illusory. Both technologically and politically it would be better for these countries to invest their limited resources in European research in the sphere of the fundamental sciences and study of space instead of investing billions in a geopolitical and military program whose benefit to them is highly dubious" (7).

Those in need of impetus stimulating technical development in West Europe were counseled by W. Brandt, speaking at the second disarmament conference, to pay more attention to European civilian projects, specifically, Eureka. According to L. Budz, chairman of the Danish Social Democratic Party Security and Foreign Policy Commission, Eureka affords opportunities for the international cooperation of West European countries outside of the NATO and EC framework.

Such neutral and nonaligned countries as Austria, Finland, Sweden and Switzerland and also Norway, which is a NATO member, but not a member of the EC, could, as a result, take part in it (8).

According to official assurances, the Eureka program is aimed at the development of research in civilian branches of the latest technology. However, as the social democratic leaders themselves acknowledge, the results of such research could be used for military purposes also. The socialist C. Cheysson, former minister of external relations of France, admitted, speaking on 23 April 1985 at a Western European Union Assembly session: "The SDI is a military program with a civilian side effect, Eureka is a multipurpose civilian program with outlets to military spheres" (9).

In the first half of the 1980's the Socialist International stumbled across a number of serious difficulties connected with the exacerbation of disagreements on a number of problems of disarmament and security policy between the "southern" and "northern" flanks of West European social democracy. Assuming office in the period 1981-1983 in the majority of South European countries, the socialists, primarily the French Socialist Party, Italian Socialist Party and Spanish Socialist Workers Party, essentially departed from their former principles of opposition times and, as is frequently the case in social reformism, proved to be considerably to the right of the majority of the socialist and social democratic parties of North and Central Europe on a number of questions of disarmament and security policy. This was manifested, specifically, in their support for the deployment of American medium-range missiles on the territory of certain West European states, an increase in the military power of their own countries, an expansion of the arms trade and a reluctance to dissociate themselves decisively from the SDI.

The opposite metamorphosis occurred following their change to opposition of such parties as the SPD and Great Britain's Labor Party. In their program documents they advocate the withdrawal of nuclear weapons from their countries' territory, "nonoffensive" defense (SPD), no first use of nuclear weapons and "joint security partnership," the creation of zones free of nuclear weapons and compromise agreements between NATO and the Warsaw Pact. A certain proximity to such positions is revealed in the approaches of the Danish social democrats and the Netherlands Labor Party.

Despite their assurances of loyalty to NATO, the said parties' approach to questions of disarmament and security is causing serious concern in bloc circles. "Ideas and platforms are being elaborated which are putting an extraordinary strain on NATO," the American newspaper CHRISTIAN SCIENCE MONITOR wrote, citing the opinion of official Bonn circles (10).

It is as yet difficult to say how and to what extent the socialist and social democratic parties of North and Central Europe wish and will be able to convert their program foreign policy aims into actual policy in the event of their taking office. As historical experience shows, the gap between theory and practice in social reformism is frequently very considerable.

Despite a certain difference in approach, the ideologists and theorists of

West European social democracy are under the conditions of the exacerbation of the international situation and the increased threat of nuclear catastrophe united in one thing: "We must dispense with the idea that we are alright, that nothing needs to be changed or reconsidered and that our security cannot be ensured better than with the traditional NATO doctrines. On the contrary, much has changed and is changing, which is forcing a reexamination of these concepts or the abandonment of them even" (11).

As the West German press observed, the social democrats "wish to breath new life, as it were, into the idea formulated in 1963 by American President J. Kennedy concerning the 'two props' of the Atlantic alliance--North American (United States and Canada) and West European" (12).

Organizationally the search for a so-called "West European social democratic security concept" has been reflected in the discussion of this set of problems at congresses of the Union of Socialist Parties of the EC, meetings of the Scandilux group and now-regular conferences of West European socialist and social democratic parties of the NATO states. All these forums have emphasized the specific interests, essentially differing from Washington's strategy, of the United States' West European allies in questions of defense, the strengthening of security in Europe and the development of East-West cooperation.

The West European parties of the Socialist International have in the 1980's actively supported the creation of regional structures of European security. This has been expressed, specifically, in initiatives aimed at the creation of nuclear-free zones in Central and North Europe and also in the Balkans. The social democrats participated actively in the "Zones Free of Nuclear Weapons in Europe" symposium (October 1986, Sofia).

European social democracy's contacts with the ruling communist and workers parties of the socialist countries have enjoyed further development. The joint political initiatives of working groups of the SED and SPD on the creation in Central Europe of a nuclear-free zone and a zone free of chemical weapons are well known. The results of the activity of the working group of the CPSU and the SPD on problems of disarmament and development are fruitful. Serious proposals pertaining to confidence-building measures in Europe have been prepared by a working group of the PZPR and the SPD. A working group of the CPCz and the SPD on ecological issues is functioning actively. Working groups of the MSzMP and the SPD on questions of East-West economic cooperation, and of the Bulgarian Communist Party, MSzMP and the SPD, on agrarian issues, are coming forward with constructive initiatives.

As distinct from conservative circles of West Europe, the social democrats are making considerably more extensive use of slogans in the spirit of the all-European process. This is expressed in their practical activity also. Thus in October 1985 there was a meeting in Vienna of F. Sinowatz, chairman of the Austrian Socialist Party, P. Gloz, federal secretary of the SPD, B. Koepeczi, minister of education of Hungary, and GDR Minister of Culture H.-J. Hoffmann devoted to problems of "Europeans' cultural identity". Employing terminology customary in social democratic circles, F. Sinowatz and P. Gloz said that it was necessary to attempt to create "a concept of an integral Europe" and that

precisely Europeans' sense of identity could serve as "a source of strength for European self-awareness" (13).

The peace initiatives and actions of the Soviet Union have elicited a positive response in the environment of West European social democracy. Speaking in February 1987 at an international forum in Moscow, E. Bahr, member of the SPD leadership, observed: "We believe that the current situation demands primarily a reduction in nuclear arms, and this program... is exceptionally important. It is regrettable that this program is not meeting with support on the part of the U.S. Administration" (14).

At their third meeting (September 1986) in Oslo representatives of West European social democracy advocated the creation of a "European pivot" within the NATO framework, emphasizing that Europe's present role in the sphere of security policy was incommensurate with the general political, social and economic position of the European members of the alliance and did not correspond to certain aspects of Europe's interests in the security sphere. The communique adopted at the meeting observed, in particular, that in the East-West dialogue, in the arms control sphere particularly, the American viewpoint is predominant, as before (15).

"A breakthrough which had been sought for almost a decade," was how W. Brandt termed the Soviet proposals concerning separation of the problem of medium-range missiles in Europe from the Reykjavik package which were contained in M.S. Gorbachev's statement of 28 February 1987.

Assessing the results of the Soviet-American meeting in the Icelandic capital, K. Sorsa observed: "Despite colossal problems, the meeting in Reykjavik demonstrated the possibilities of significant progress on the way toward disarmament" (16).

Problems of peace and the curbing of the arms race were at the center of the attention of the 17th Socialist International Congress held in June 1986 in Lima. The "Lima Manifesto" which was adopted observes that a suspension and then the complete and final banning of nuclear explosions would be evidence that the countries which possess nuclear weapons were being serious about solving the problem of arms control. The U.S. Administration, the document points out, should finally abandon nuclear testing. In addition, it is necessary to resume at once the negotiations with the USSR broken off by the United States and Great Britain in 1980 aimed at the elaboration of a treaty on the complete and general banning of nuclear weapon tests. All countries with nuclear weapons should, the manifesto emphasizes, be enlisted in these negotiations (17).

The results of the congress clearly demonstrated that the militarist policy of the U.S. Administration is encountering increasingly emphatic condemnation in social democratic circles. W. Hacker, prominent Austrian Socialist Party figure and secretary of the Socialist International Consultative Council for Disarmament, observed: "The congress has shown that a whole number of the demands being made by the Socialist International in respect of disarmament problems is being fulfilled to a greater extent by the Soviet Union than the United States.... It is Washington which is increasingly moving away from

social democracy's demands in the disarmament sphere" (18).

The congress sharply assailed the United States' armed attack on Libya in April 1986 and demanded that the U.S. Administration provide proof of its charges against the Libyan leadership. With one exception (Israel) all governments in which socialist and social democratic parties participate shared this position. Italian Premier B. Craxi declared that "this military action, while not lessening terrorism in the least, runs the risk of provoking a further explosion of fanaticism, extremism, criminal offenses and suicides" (19).

III

Relations with China occupy a special place in the policy of the Socialist International. The first unofficial contacts with the PRC leadership were established in 1982. In October 1985 an official Chinese delegation attended the second Socialist International disarmament congress in Vienna. In June 1986 a CCP Central Committee delegation participated as an observer in the 17th congress in Lima.

In September 1986 China was visited by a Socialist International delegation headed by its secretary general P. Vaeyrynen. In the course of a discussion with Hu Qili, member of the Politburo and Secretariat of the Central Committee of the CCP, he expressed satisfaction with the results of the negotiations and emphasized that "although there are obvious historical and ideological differences between us, our positions are close on a whole number of problems, specifically the question of ensuring peace and security." In turn, Hu Qili mentioned the CCP's great interest in an exchange of information and the achievement of mutual understanding with the Socialist International. The delegation also had a lengthy discussion with Zhu Liang, head of the CCP Central Committee International Relations Department, and also Li Dao-yu, head of the PRC Foreign Ministry International Organizations Department, and Xu Li, former executive of an office of the State Economic Commission.

The Socialist International's activity in the "China direction" has become increasingly assertive in recent years. Its leaders recognize the role which the PRC performs both on a world scale and in the zone of the developing countries.

IV

The Socialist International's international policy in the "Brandt era" is characterized by a further increase in its interest in the nonaligned and developing countries and attempts to consolidate the influence of social democracy on their political life. Simultaneously with the departure from the "Eurocentrism" concept importance in the process of a strengthening of social democracy's ideological and social and political "presence" in the "third world" is attached to a reconsideration of the "democratic socialism" concept as a model suitable for the whole world. In particular, the events in Nicaragua compelled the leaders of the Socialist International to abandon an absolutization of the purely reformist path and officially recognize at the conference in Santo Domingo (1980) the peoples' right to rebellion and armed

struggle. Not only the improvement of organizational structures and the extension of regionalization but also its support for an increasingly large number of the developing countries' demands and proposals testify to an acceleration of the process of the Socialist International's adaptation to the new realities.

According to the viewpoint of the leaders of the Socialist International, the gap between the "rich" and "poor" countries has become the most serious social problem of the century. The United States does not understand what is going on in the "third world" or, equally, the fact that many of the conflicts arising there are caused by internal socioeconomic factors. In the opinion of the ideologists and theorists of international social democracy, Washington is prepared to transfer the East-West confrontation to the zone of the developing states for the added reason that it wishes to restore its shaken hegemony in the Western alliance. Finally, they believe that an East-West confrontation in the "third world" would torpedo the vitally important disarmament and arms control negotiations.

The Socialist International takes account of the fact that many of the models of social and political development which appeared in the 1950's-1960's have largely lost their attractiveness for the developing countries. A "third way"--neither capitalist nor socialist--is being touted as an alternative, and social democracy itself is attempting to portray itself as a consistent champion of a restructuring of international economic relations on a just and equal basis.

The stimulation of the Socialist International's activity in the "third world" has coincided in time with the attempts of the R. Reagan administration to create something like "internationals of the right". The so-called "Liberation International" made up of representatives of the antigovernment bandit groupings of Angola, Laos and Nicaragua was formed in the spring of 1985. A meeting of the "World Anticommunist League" was held in the fall of the same year in Dallas with R. Reagan's blessing. The "Anti-Bolshevik Network" organized its session in the spring of 1985 in New York with the support of the U.S. Administration.

But the greatest notoriety has been acquired by the so-called International Democratic Alliance, which was created in June 1983 in London and which united approximately 20 conservative parties of Europe, America, Asia and Australia. One of its main aims is the coordination of the actions of rightwing conservative forces in the "third world".

In the first half of 1980's the Socialist International cooperated closely with the international organizations of Christian democrats and liberal parties on questions of a strengthening and expansion of the West's economic and political presence in the developing countries. A joint statement of representatives of these three organizations was issued in 1984, and P. Vaeyrynen, secretary general of the Socialist International, met with his colleagues from the Christian democrats and liberals, A. Bernassola and (U. Shoettli), in November 1985 in Rome. Problems of the developing countries' foreign debt and a normalization of the situation in Central America and also questions connected with the activity of UNESCO were discussed.

In the opinion of a number of prominent Socialist International figures, the significance of such "political internationals" on the international scene and their cooperation will grow inasmuch as they "afford governments and multilateral organizations an opportunity to check out their ideas and forecasts at private and unofficial forums and also... contribute to the integration of hundreds of political leaders... of North and South" (20).

The Socialist International's activity in respect of the developing countries may conditionally be divided into four main directions: problems of a new world economic order; national democratic movements of Latin America; the national liberation struggle in Southern Africa; the Near East conflict.

In the report at the 13th congress in Geneva W. Brandt termed the organization's second main task, after the struggle for disarmament, promotion of the formation of new "North"-South relations and the creation of a new international economic order (NIEO). The social democratic concept of such an order designed to "contribute to the simultaneous recovery of the economy in the North and development in the South" is contained in the special "Global Challenge" report drawn up in 1985 by the special Economic Policy Committee. The report was the basis of the "Action Program in the Sphere of the World Economy" adopted at the 17th congress. Socialist International documents on NIEO issues reiterate to a considerable extent the propositions of reports of the Independent North-South Commission, better known as the Brandt Commission.

Social democratic leaders cannot fail to take account of the fact that the struggle for a solution of foreign debt problems has in the 1980's become a most important direction of the movement of young Asian, African and Latin American states for economic decolonization. The "Action Program in the Sphere of the World Economy" puts forward a number of proposals for a solution of the foreign debt problem and supports the idea of the convening of an international conference on this question and the creation of a special international body. A subcommittee on the developing countries' foreign debt has as of recent times been functioning actively within the Economic Policy Committee framework.

In social democratic concepts of the NIEO an important role is assigned the problem of the interconnection of disarmament and development. "The struggle for disarmament and the struggle for development cannot be separated inasmuch as peace and economic security are inseparably interconnected: each presupposes and depends on the other," documents of the 17th congress, which was held under the motto "Peace and Economic Solidarity," say.

As of the 1970's, more precisely, the tragic events in Chile in 1973, the Socialist International began to officially support national democratic movements of Latin America and the Caribbean countries. To a considerable extent this was brought about both by the economic interests of the West European countries and their endeavor to gain political capital in the struggle against reactionary and fascist dictatorships, particularly under the conditions of the crisis of Washington's Latin America policy.

The assertiveness of the Socialist International in the countries of Latin

America and the Caribbean has also been connected with the strengthening within the framework thereof of the positions of the South European members and the persistent attempts of the Spanish socialist government headed by F. Gonzalez, leader of the Spanish Socialist Workers Party, to strengthen its influence in the region. The basis of this foreign policy line is the idea of the community of Spanish-speaking nations. Nor are the Portuguese socialists headed by M. Soares, leader of the party and vice president of the Socialist International, abandoning their designs concerning the establishment of a "Lusitanian Community" of Portuguese-speaking nations.

The decisive circumstance, however, of the Socialist International's increased assertiveness in this region should be considered the existence of the objective conditions for the maturation of a revolutionary situation. Its leaders are not concealing their concern to prevent a revolutionary solution and ensure development along a social reformist path. Account is taken here of the reformist traditions in the workers movement of a number of Latin American countries and also the trends toward the conversion of individual organizations of the national bourgeoisie into parties of a social democratic persuasion.

The Socialist International's position on problems of Latin America and the Caribbean has been set forth in many of its documents, specifically the declaration of the special committee for the affairs of this region of 2-3 April 1986 in Santo Domingo, the "Lima Manifesto" and a special resolution of the Socialist International congress.

The leadership of the organization is making common cause with the efforts of the Contadora Group and the Contadora Process Support Group and also the program for a political settlement in Central America set forth in the Caraballeda Document of 11-12 January 1986, noting that a solution of the crisis may be achieved only by way of negotiations and dialogue.

Documents of the Socialist International emphatically condemn the policy of destabilization, economic blockade and military provocations against Nicaragua being pursued by the U.S. Administration in respect of this country, which could lead to direct intervention, and also the attempts to use Honduran territory as a base for military operations against Nicaragua. Concern for the fate of Nicaragua also dictated the creation in 1980 of the Committee for Defense of the Nicaraguan Revolution headed by F. Gonzalez.

At the same time the leaders of the Socialist International are unambiguously linking their support for the Sandinista revolution with the Nicaraguan Government's compliance with the "firm demand" concerning "pluralist democracy and a mixed economy". As the revolutionary process in the country intensifies, the support of international social democracy for the Sandinistas is increasingly diminishing. The negative position of the Portuguese Socialist Party is beginning to meet with understanding among other socialist and social democratic parties which are members of the Socialist International, and the leaders of anti-Sandinista organizations have been accorded a warm reception by Portuguese socialists and are hoping for the assistance of Spanish socialists.

Touching on the situation in El Salvador, the Socialist International calls in the resolution of the 17th congress on this region on the U.S. Government "not to view this conflict in an 'East-West' context and accord Latin Americans the right to solve it themselves" (21).

The dispatch of special missions to the greatest flashpoints may also serve as an indicator of the Socialist International's political course in the Caribbean countries. Thus in May 1986 a mission of the Socialist International headed by Vice President C.-A. Perez visited Haiti for the purpose of establishing direct contacts there and expressing support for the process of democratic reorganization.

The stimulation of the Socialist International's activity in the region is combined with an economic offensive by West Europe and "officializes" it, as it were, ideologically. The EC and the six Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) signed on 12 November 1985 in Luxembourg a 5-year economic assistance and cooperation agreement. The agreement establishes for the first time a broad framework for economic cooperation and political consultations between the EC and the Central American countries.

The Socialist International leadership is displaying great interest in the development of events in other Latin American countries. The Socialist International has expressed repeatedly at its forums concern at the military presence of Great Britain in the South Atlantic and called on London to enter into negotiations with Argentina over the Falkland (Malvinas) Islands.

The situation in Chile and Paraguay, where, as the organization's documents emphasize, "the two last dictatorial regimes... are attempting by means of force and repression to defer their inevitable end" (22), is, as before, in its sights. According to Western press reports, B. Craxi, leader of Italy's socialists, was an instigator of a project (financed by the Socialist International) whose purpose is the creation in Chile of a "powerful secular magnetic pole". In other words, it is a question of the rivalry of Christian democrats and social reformists "for the leadership of a future democratic Chile". Certain social democracy figures do not preclude here "attempts being made once again in Chile to carry out the political operation which F. Gonzalez was able to carry out in Spain with the support of the Socialist International" (23). Circles of the latter are taking into consideration, however, the fact that it is considerably harder to influence the top military officers and leading representatives of business circles of Chile from abroad than in the majority of other countries with dictatorial regimes.

Africa is attracting the increasingly great attention of the leaders of international social democracy. "In coming years the Socialist International's activity in Africa and Asia will grow considerably," the journal SOCIALIST AFFAIRS emphasized back in 1985 (24). A special Africa study group was formed in October 1985 at a meeting of the Socialist International Bureau in Vienna. Its purpose is to analyze the current and forecast the future situation, determine social reformist policy on the African continent, establish contacts with democratic forces, observe democratization and economic development processes and draw up specific recommendations.

There has been a marked stimulation, not least by way of "personal union," of the Socialist International's cooperation with the African Socialist International (ASI). It was founded in February 1981 in Tunis as an organization of African "democratic socialist parties" and incorporates 11 parties, 2 of which are members of the Socialist International. L. Senghor, former president of Senegal and vice president of the Socialist International, was reelected president at the Third ASI Congress held in August 1986 in Rabat.

Great attention is being paid to events in the south of the African continent, which is reflected in the agendas for congresses of the Socialist International and sessions of its Bureau and also in the dispatch there of special missions. The first half of the 1980's went by under the sign of this organization's stepped-up preparation for the "post-apartheid" period expressed not only in a broadening of contacts with the national liberation movements of Southern Africa but also the establishment of relations with the "front-line" states.

The Socialist International's position in respect of the apartheid regime was set forth in the "Lima Manifesto". "We," the document says, "resolutely support the struggle against apartheid in Southern Africa, as emphasized at the special conference in Arusha (Tanzania) in September 1984 and confirmed at the special session of the International in Gaborone (Botswana, April 1986). There can be no compromise with apartheid. It must be eliminated. It cannot be remodeled" (25).

The International supports the immediate granting of independence to Namibia in accordance with the UN resolution and condemns the linkage of this question to the presence of Cuban forces in Angola. It simultaneously supports SWAPO as the most representative force in Namibia.

The imposition of all-embracing economic sanctions against South Africa is recommended as "the last chance for a peaceful solution of the apartheid problem". In 1985-1986 the North European social democratic parties contributed to a large extent to their governments' adoption of a wide-ranging program of sanctions in respect of South Africa. Denmark was the first Western country to ban all trade with South Africa--on 30 May 1986.

Protests against the apartheid regime have been accompanied in recent years by increasingly intensive contacts with the "front-line" states. This was reflected in the convening of the above-mentioned conference in Gaborone with the participation of representatives of 30 socialist and social democratic parties from 19 countries. In May 1986 the Socialist International issued a statement which sharply condemned South Africa's armed actions against Botswana, Zambia and Zimbabwe: "These barbarous acts are new confirmation that the apartheid regime in South Africa has no interest in a peaceful settlement of its own internal problems or the problems of the region and is continuing to solve them by way of military force and state terrorism. This can only exacerbate the present already tragic situation and entail new human sacrifices" (26).

According to the official declarations of leaders of the Socialist International, expanded assistance to the "front-line" states is designed to ease their economic dependence on South Africa and the policy of destabilization and pressure being pursued by Pretoria. At the same time the Socialist International's policy in the region is to a certain extent paving the way, as it were, for West European capital's penetration of the states bordering South Africa. It was evidently not fortuitous that the activation of the Socialist International in Southern Africa coincided with a number of initiatives of West European countries. Thus the five northern countries (Norway, Iceland, Denmark, Finland and Sweden) concluded on 29 January 1986 an agreement with the Southern Africa Development Coordination Conference (SADCC) (27) on the development of cooperation in the sphere of the economy and culture. The day before the SADCC and the EC had signed a document in accordance with which the latter will allocate the countries of the region \$100 million specially for financing projects in the field of transport, food production and personnel training.

While noting with satisfaction certain successes of their activity in the "third world" the leaders of the Socialist International do not at the same time conceal their disappointment with the results of their work in the Near East, where their attempts at mediation in the Arab-Israeli conflict have not led to any positive changes. As is known, since the 1973 October war and the subsequent threat of the imposition of an oil embargo in respect of Western countries the Socialist International's departure from pro-Israeli positions began to show through. As of 1974 it has dispatched special missions there led by B. Kreisky and, subsequently, M. Soares to establish contacts with the corresponding governments of the region and to analyze the situation. At the start of August 1982 the M. Soares mission was converted into a working group, and later, into a special Near East committee. In June 1986, at the session of the Bureau in Lima, H.-J. Wischniewski, prominent SPD figure known for his long-standing relations with government and business circles of Arab countries, was elected chairman of this committee in place of M. Soares.

A feature of the activity of international social democracy in the Near East is the endeavor "to begin an Arab-Israeli dialogue" within the Socialist International itself. Proceeding from these considerations, evidently, its leadership elected at the 16th congress as a vice president W. Jumblatt, leader of Lebanon's Progressive Socialist Party. In terms of his official position he was put on the same footing as S. Peres, leader of Israel's Labor Party, who occupied this position at the 14th congress. The Socialist International admitted to its ranks a further Israeli party in 1983--the United Workers Party (MAPAM). We would recall that since 1979 it has maintained direct contacts with the PLO.

The Arab-Israeli dialogue within the Socialist International has not appreciably progressed as yet. Touching on the discussion concerning the situation in the Near East at the second disarmament conference in October 1985 (Vienna), W. Brandt observed that never before in the International's history had the disagreements on this question been so acute. According to him, the reason for this was the policy of expansion and state terrorism of the Israeli Government headed by the Labor Party, which is a part of the Socialist International (28).

While condemning in its documents the creation of Israeli settlements on the occupied Arab territories, the Socialist International at the same time welcomes, as the "Lima Manifesto" emphasizes, "the efforts of the members from Israel in the direction of the achievement of a just and lasting peace in the region" (29).

The Socialist International's official position is that peace in the Near East may be achieved only by way of negotiations between all interested parties, including representatives of the Palestinian people, and that all countries of the region have the right to live in peace, within secure and recognized borders. The right of the Palestinian people to self-determination and a homeland must be guaranteed.

As a whole, the Socialist International's activity in the Near East in the 1980's has been characterized by a desire to stimulate the West European states' participation in a settlement of the conflict. It is from this angle that we should, evidently, view the official visit of F. Gonzalez, premier of Spain and vice chairman of the Socialist International, to Egypt in January 1987. In February foreign ministers of EC countries, meeting in Brussels, supported an international Near East conference under the aegis of the United Nations proposed, as is known, by the Soviet Union.

A revitalization of the Socialist International's activity in a number of parts of Asia has been observed in recent years. In February 1986 the Philippines was visited by a special mission whose purpose was to observe the presidential elections and study the question of "possible way to develop democratic socialism in the period following the Marcos dictatorship".

K. van Miert, vice president of the Socialist International and leader of the Belgian Socialist Party (Flems), visited Pakistan in October 1986. During the visit he met with government and opposition representatives, specifically, B. Bhutto, leader of the opposition Pakistan People's Party. Summarizing the results of the visit, K. van Miert observed: "It is clear that the Zia regime considers Bhutto and the PPP a dangerous alternative and will use all means at its disposal, including political assassination, to undermine the party's influence" (30).

E. Nagashua, leader of Japan's Democratic Socialist Party, was elected vice president at the 17th Socialist International Congress. Two Turkish parties--the Social Democratic Populist Party and the Democratic Party--simultaneously became "consultative" members at the same congress.

Thus in the past decade the geography of social democracy's political offensive against the developing countries has expanded considerably. There has simultaneously been an improvement in the organizational forms and methods of strengthening the influence of social reformism in Asian, African and Latin American countries.

An analysis of the Socialist International's foreign policy permits the conclusion that international social democracy is becoming an increasingly effective factor of world politics. The development of events in the world

depends to a large extent on its approaches to the most acute present-day problems. Despite the ambiguity and contradictoriness inherent in social democracy, certain positive changes in the position of the Socialist International are reason to say that the new political thinking has begun to penetrate this current of the workers movement also. The potential of the antiwar forces is thereby expanded considerably, and the prerequisites for transition from a world based on a "balance of terror" to a world based on the all-embracing system of international security proposed by the Soviet Union are being created.

FOOTNOTES

1. SOCIALIST AFFAIRS, No 4/85, p 32.
2. B. Kreisky, "Politik braucht Visionen: Aufsätze, Reden und Interviews zu aktuellen weltpolitischen Fragen," Koenigstein Ts., 1982, p 111.
3. Quoted from PROBLEMY MIRA I SOTSIALIZMA No 1, 1986, p 86.
4. SOCIALIST AFFAIRS No 4/85, p 36.
5. Quoted from NOVOYE VREMYA 1 November 1985, pp 20-21.
6. ARCHIV DER GEGENWART, 20 May 1985, p 28785.
7. VORWAERTS, 2 March 1985.
8. See SOCIALIST AFFAIRS No 3/85, p 42.
9. Ibid. No 2/85, p 72.
10. CHRISTIAN SCIENCE MONITOR, 3 October 1986.
11. P. Vittorelli, "Towards a European Defense of Europe" (SOCIALIST AFFAIRS No 1/85, p 34).
12. FRANKFURTER ALLGEMEINE ZEITUNG, 22 August 1985.
13. See "Dialog ueber die Grenzen: Gespræch zwischen Fred Sinowatz, Bela Koepeczi, Hans-Joachim Hoffmann under Peter Gloz" (NEUE GESELLSCHAFT NO 11, 1955, pp 985-987).
14. IZVESTIYA, 17 February 1987.
15. See SOCIALIST AFFAIRS No 4/86, p 66.
16. Ibid., p 3.
17. SOCIALIST AFFAIRS No 3/86, p 21.
18. DIE ZUKUNFT, October 1986, p 23.

19. SOCIALIST AFFAIRS No 2/86, p 67.
20. SOCIALIST AFFAIRS No 4/85, p 34.
21. Ibid. No 3/86, p 34.
22. Ibid. No 2/86, p 21.
23. L'ESPRESSO, 4 April 1986, p 45.
24. SOCIALIST AFFAIRS No 4/85, p 34.
25. Ibid. No 3/86, p 23.
26. Ibid. No 2/86, p 20.
27. The SADCC was founded in 1980 in a composition of Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe.
28. Quoted from PROBLEMY MIRA I SOTSIALIZMA No 1, 1986, p 87.
29. SOCIALIST AFFAIRS No 3/86, p 22.
30. Ibid. No 4/86, p 28.

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"Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1987

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INTERNATIONAL ECONOMIC SPECIALIZATION IN WEST EUROPE

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 6, Jun 87 (signed to press 18 May 87) pp 29-41

[Article by V. Presnyakov: "International Specialization of West Europe"]

[Text] The place of individual countries and regions in the system of the international division of labor reflected in their foreign trade relations characterizes the level of development and efficiency of the national economies. The increased pace of the structural reorganization of the economy of the capitalist countries required an expansion of foreign markets inasmuch as the development of new industries was coming into manifest contradiction with the relatively narrow possibilities of marketing within a national framework.

The 1974-1975 crisis sharply accelerated changes in the sectoral structure of the economy, the essence of which were a shift of the center of gravity of industrial development from ferrous metallurgy and heavy engineering to the energy- and resource-saving industries and the increased significance of technologically progressive sectors and subsectors. Right from the moment they emerged the new sectors (electronics industry, production of construction materials, computers, aerospace industry and others) have been oriented toward the requirements not only of the national but also the world market. For this reason their development is bringing about cardinal changes in the system of the international division of labor, where increasingly material significance is attached to the new sectors of manufacturing industry, primarily of the engineering complex.

The internationalization of economic life is being expressed primarily in the fact that the functioning of a widening circle of sectors, in the vanguard of which is science- and technology-intensive production (1), is increasingly being determined by the situation on foreign markets. K. Marx's proposition that "universal exchange itself, the world market and for this reason the totality of activities, relations, requirements and so forth of which exchange consists are becoming the universal basis of all sectors of production" (2) has a particularly convincing ring in this connection. World economic relations are becoming increasingly diverse and complex. They are intensifying the interdependence and mutual influence of national economies, their individual spheres and sectors and so forth.

A central place in the system of world economic relations is occupied by foreign trade. Under the present conditions of the intensifying international division of labor its functions have become even broader and have been infused with new content. It is expressed primarily in the growing impact on national reproduction, structural and cyclical processes. It is expedient to regard and study foreign trade both as an "essential all-embracing prerequisite" of production and as a "feature of production itself" (3).

The underestimation and downplaying of the role of external factors lead to distortions of the state of affairs in the world capitalist economy, and in a number of cases, to erroneous conclusions and findings. Thus the crisis experienced by bourgeois economic thought in the last decade was a crisis of the theories of state-monopoly capitalism studying exclusive national economies of individual countries and not taking into consideration to the due extent the intensification of exogenous processes.

An appreciable role in the stimulation thereof as of the mid-1970's was performed by the "oil shocks" and the profound crises (1974-1975 and 1980-1982), which sharply impeded economic growth and required the appropriate restructuring of economic complexes. At the center of the structural changes is manufacturing industry, which accounts for approximately 80 percent of international capitalist trade.

Stimulating the production of some types of product and impeding the manufacture of others, the world market is changing the sectoral and intersectoral proportions of national production and influencing the intensity and focus of technical progress in the sectors and capital investment policy. Machine tools and equipment with programmed control, computers and microprocessors and industrial robots have accounted for an increasingly large proportion of the engineering product, particularly since the end of the 1970's. Figuratively speaking, these are the three pillars of the cardinal restructuring of the economy that has begun in the direction of the highest forms of the electronic automation of production and the cybernetization of management.

Commodity exports are becoming an increasingly important factor of economic development in the majority of capitalist states, West European primarily, under the conditions of this restructuring. The West European countries are distinguished by the traditionally close correlation of economic growth and foreign economic conditions. Thus in the mid-1980's the value of exports here equaled 22-24 percent of the summary gross domestic product (compared with 17-18 percent in 1970 and 15-16 percent in 1960) (4). For the industrially developed capitalist states as a whole this indicator is considerably lower: 14-17 percent in respect of exports, 15-18 percent in respect of imports. For individual West European states, on the other hand, small ones primarily, the dependence on foreign markets is even more appreciable--45-60 percent (5). Thus the countries of the region are faced with the problem of a strengthening of foreign sales markets and at the same time a curbing of the competition of foreign suppliers on domestic markets, that is, optimization of the participation in the international division of labor.

The S&T revolution, the CPSU Central Committee Political Report to the 27th party congress emphasized, "has undoubtedly accelerated the process of internationalization of capitalist production and intensified both the alignment of the levels and spasmodic nature of the development of the capitalist countries. Competition, intensified in the soil of S&T progress, is hitting the laggards even more ruthlessly." This conclusion is borne out convincingly by the experience of West European countries, which are encountering many problems and difficulties.

A heated discussion flared up in this connection on the eve and at the outset of the 1980's in the West's economic press between "Euro-optimists" and "Euro pessimists". In the course thereof it was concluded, inter alia, that "in the wake of the postwar era of rapid economic growth, predominantly thanks to the restructuring of sectors of industry based mainly on prewar technology, there was recognition in business and scientific circles of the region in the 1980's that West Europe's export-dependent heavy industry had lost 10 years through having failed to detect in good time a fundamentally important change in the sphere of the competitive struggle" (6). The proposition concerning "Euro sclerosis" (7) and a "continent without a concept" naturally requires confirmation or refutation on the basis of an analysis of comparable data pertaining to the leading capitalist countries with the use of various methods of quantitative evaluation.

Change in Positions

West Europe is a major center of international trade. Its relative significance in world capitalist exports is more than three times the U.S. level. The states of the region are linked by numerous and not always visible threads to the world market. The attempts at the autarkic management of the economy made at different times and to a varying extent by France, Italy, Spain and a number of other countries have ultimately caused a slowing of economic growth.

Upon an evaluation of the level, scale and particularities of the international specialization of the national economies in the overall system of data characterizing this process those of them which reflect the international movement of goods come to the fore inasmuch as, we believe, foreign trade turnover is the summary indicator of participation in the international division of labor. The movement of goods on the capitalist market reflects the achievements of S&T progress in the sphere of material production, the internationalization of the economy, competitive struggle between monopolies and other factors.

Account should also be taken of the fact of considerable importance that the foreign trade statistics of the capitalist countries, despite numerous flaws, are more developed and, what is most important, standardized than the statistics of international comparisons of industrial development. The majority of capitalist states now uses the Standard International Trade Classification (SITC) elaborated by the United Nations.

Foreign trade statistics make it possible on the basis of a comparison of the export-import relations of individual countries and regions (dynamics,

structure, geographical direction and others) to draw conclusions concerning the level of their international specialization (8).

In the last quarter of a century West Europe has maintained more or less stable positions both in the exports of the capitalist and developing countries (45.6 percent in 1960, 44 percent in 1965) and in their imports (45.2 and 42.6 percent respectively). True, these figures do not reveal a number of negative processes, which will be dealt with later. On the contrary, the positions in international trade of the two other centers of interimperialist rivalry have changed markedly. In this time the United States' share of exports declined from 18.2 to 12.5 percent, but of imports, on the contrary, increased from 12.8 to 20 percent; the relative significance of Japan increased appreciably in terms of both exports and imports--from 3.6 to 10.4 and from 3.8 to 7.3 percent respectively.

There is importance in the fact that West Europe accounts for almost half of the commodity exchange of the capitalist world in engineering products, including over 60 percent of the foreign trade in these commodities of the developed capitalist countries.

Integration processes, primarily the formation of the EC, which now unites 12 states, have made a noticeable imprint on the nature of the region's foreign economic relations and its participation in the international division of labor. The members of the Community produce up to 80 percent of the industrial output and provide for three-fourths of the imports and four-fifths of the exports of West Europe. In addition, the majority of other West European countries are linked to the EC by free trade zone agreements and so forth. As a result all states of the region are subject to this extent or the other to the trade and economic influence of the Community. This is sufficient reason, in the event of the absence of summary information pertaining to West Europe, to confine ourselves to indicators pertaining to the EC, and in a number of cases, to its three leading countries--the FRG, France and Great Britain--which account for over 60 percent of the Community's exports and imports.

Upon an analysis of the directions of international specialization attention is also called to the fact that reciprocal trade accounts for the bulk (up to two-thirds) of exports of the West European countries. When this is not taken into consideration, the region's share of the exports of capitalist countries diminishes by a factor of 3-4 and is comparable with the indicators of the United States and Japan. But even in this case the international specialization of West Europe in a number of areas shows through. It can be seen, for example, upon an analysis of the region's share in terms of consolidated commodity groups in accordance with the above-mentioned UN trade classification.

In the past 15-20 years an important direction of the export expansion of West European countries of, bourgeois specialists estimate, a strategic nature has been the sale of foodstuffs, primarily cereals. Earlier the outlook for exports of farm products from West Europe, from France particularly, was frequently uncertain and disputed. Now, however, the United States and West Europe, between which frequent competitive squabbles arise, are predominant on the world market of agricultural products. West Europe's share of world food

exports rose from 30 percent in the mid-1960's to 40 percent in the mid-1980's, and excluding intraregional trade relations, from 8 to 13 percent. In terms of grain crops it grew from 12 to 18 percent and 3 to 8 percent respectively. True, West Europe is as yet still considerably inferior to the United States, whose share of world cereals' exports fluctuates around 40 percent (37 percent in 1985).

West Europe plays a significant part in the trade in chemical products. The region's share here remains quite stable (approximately 60 percent, excluding reciprocal exchange, 21-23 percent), noticeably exceeding the corresponding indicators for the United States (15-16 percent). The exports of the chemical products themselves are oriented increasingly toward the most complex types thereof: pigments, synthetic dyes, vitamins, plastics and so forth.

The same may also be said about machinery, equipment and means of transport, where West Europe's share constitutes 50 percent, and excluding intraregional trade, 20 percent. However, a trend toward a weakening of the positions of the region (in 1963 it was providing 66 percent of world mechanical engineering products), as, incidentally, of the United States also, has been manifested distinctly here. On the other hand, Japan has strengthened its role of world exporter of machinery, equipment and means of transport (from 1.6 percent in 1956 and 6 percent in 1965 to 16-17 percent in recent years). But the most dangerous symptom for West Europe is the fact that, as distinct from the United States, it is losing its positions in the export of a number of the most progressive and promising items.

The said trends are also confirmed with the aid of such a reference indicator as the structural anomalies (deviations) of the exports of West Europe and the EC countries (9). In terms of foodstuffs the anomaly of the structure, which in 1967 constituted -11.8 percent, was at the zero mark in 1983, that is, had been eliminated compared with the structure of commodity exports of the OECD. In addition, for the EC countries the said indicator changed from -12.6 to +5 percent respectively. In this plane, however, West Europe is inferior to the United States (in 1967 this indicator equaled +18.9 percent, but in 1983 had risen to +38 percent).

In terms of the main consolidated item of international trade--machinery, equipment and means of transport--West Europe is yielding its positions. The structural deviation indicator increased from -1.9 percent in 1967 to -13.2 percent in 1983, including a change for the EC countries from +3.3 to -10.5 percent. This process is in sharp contrast to the state of affairs for the United States (+21.3 and +18.3 percent respectively) and Japan (+9.9 and +55.9 percent). As far as chemical products are concerned, a relative stability of the said indicator (+16.1 percent in 1970, +18.2 percent at the start of the 1980's) compared with +3.9 percent and +3 percent for the United States is observed for West Europe here.

However, the goals which we have set require that we move to a sectoral and subsectoral level of analysis. The quite detailed and comparable statistical publications, primarily of the OECD and also the United Nations, which have appeared in recent years have been used for this. Such an extensively and long used factor in Soviet and foreign research as export specialization (10)

is taken as the base indicator. The nature of the specialization here is determined in respect of three groups: the first group (a factor below 0.9) unites sectors and subsectors with insufficiently expressed international specialization; the second (0.9-1.3), with moderately expressed specialization; and the third group (over 1.3), highly specialized industries. The calculations which were made and the grouping testify to West Europe's very modest results in the field of international specialization, particularly in respect of engineering products (see Table 1).

Table 1. Level of International Specialization of West Europe*

Sectors and subsectors with insufficiently expressed international specialization	Sectors and subsectors with moderately expressed international specialization	Highly specialized industries
Grain and cereal products	Foodstuffs Meat and meat products Fish and fish and sea products Vegetables and fruit Sugar and sugar products	Dairy products and eggs
Nonfood raw material other than fuel, oil and vegetable and animal fat Minerals and natural fertilizer Metals and their ores		
Artificial fertilizer	Chemical products Organic chemical products Inorganic chemical products Medical and pharmaceutical goods Plastics and rubber Processed products classified by raw material Leather and fur products Synthetic rubber Paper, cardboard and products therefrom Textiles Pig iron and steel Nonferrous metals	
Machinery, equipment and means of transport Power equipment Office equipment and computers Telecommunications equipment and means of communications Electrical engineering equipment Motor transport Other means of transport (aircraft, ships and so forth)	Special industrial equipment Metal-working equipment General industrial equipment	

Various finished products
Instrumentation

Furniture and
various lumber
products
Clothing
Footwear

* The "Mineral fuel, lubricants and suchlike" group of sectors has been omitted since, given examination only of the OECD countries, which are not the main suppliers of these products on the world market, estimating the level of their international specialization in the given field is impossible.

Estimated from "OECD. Foreign Trade by Commodities Export. 1984," Paris, 1986, pp 94-281.

The available statistical data permit us to also ascertain structural changes in the international specialization of West Europe in the 1970's-1980's in terms of engineering products. Only textile, leather and food equipment came within the group of highly specialized industries. The science-intensive, most progressive and promising directions: office equipment and computers, telecommunications equipment and means of communication, electronic equipment and air transport facilities and equipment were extensively represented among the sectors and subsectors with insufficiently expressed specialization. And, what is more, a regression in the last 15 years in many components of the engineering complex, that is, a lowering of the level of international specialization (when a transition from moderately to insufficiently expressed specialization has occurred), has clearly come to light.

At the same time there are differences in the level of specialization between individual West European states (11). But inadequate representation in exports of science- and technology-intensive products is obvious here also, which expresses, we believe, a most vulnerable aspect of West European countries' participation in the current and, even more, future international division of labor. For some of them (Great Britain, the Netherlands, Belgium, Austria, Denmark) the machinery and equipment foreign trade deficit is becoming chronic.

Defects in the international specialization of the region, primarily compared with the United States and Japan, which are taking shape and, in a number of cases, becoming entrenched, also show through at the time of calculation of the "polarization indicator," which is frequently employed in comparable foreign research. It is most often defined in statistical studies as the correlation between the final result in respect of a particular commodity item and all exports (or half of foreign trade turnover).

Taking the most active items of the balance of trade of the leading Western states in the 1980's and calculating the "polarization indicator," the following conclusions may be drawn. The main "poles of competitiveness" of Japan are concentrated in manufacturing industry (passenger and other automobiles, home and industrial electronics, ferrous metallurgy products), and they account for over half the country's exports.

For the United States the "poles of competitiveness" group includes such science-intensive items as the aircraft industry product, information science, precision instruments and also grain. They cater for approximately 20 percent of the sum total of the country's exports. Of the West European states, the most representative are the items of the FRG, where passenger and other automobiles, parts for them, specialized equipment and motors account for more than 20 percent of total exports. But there are no grounds for speaking of the high science-intensiveness of the West German "poles of competitiveness".

For Britain this series, which encompasses approximately 20 percent of total exports, incorporates crude oil, the aircraft industry and pharmaceutical product, organic chemicals and motors. The least impressive in the group of five countries are the items of France--little more than 10 percent of exports (grain, aircraft industry products, beverages, automobile parts and fats). Thus for France three out of the five "poles of competitiveness" pertain to agricultural and food industry products.

Calculated in respect of science- and technology-intensive products the "polarization indicator" (1983) constituted 40 percent for Japan, approximately 12 percent for the United States and only 5 percent for the EC (12). Furthermore, it is declining constantly for the Community. As a questionnaire conducted by its experts (the ["TELEZUS] Report," 1983) testifies, of the 37 progressive sectors of industry which in the 1990's and subsequent years will constitute the basis of S&T progress, West Europe will be the leader in only 2, Japan, in 9, and the United States, in the rest.

Bottlenecks of International Specialization

Structural changes in the exports of finished products are often studied to ascertain progressive or regressive changes in exports. Available statistical data and our own calculations testify that science-intensive products' share of the EC's finished product exports in the past 20 years has in fact remained stable (23-25 percent), but has risen for the United States (from 29 to 35 percent) and Japan (from 16 to 39 percent). Yet it is such products which have already occupied a central place in world trade (13), and the specialization of countries and regions in exports thereof testifies, it is believed in international practice, to dynamic development and progressive structural changes in the economy and foreign trade.

The positions of West European countries, the leading ones primarily (the FRG, France, Great Britain), in world industrial exports of science- and technology-intensive products are weakening (see Table 2). This trend is also confirmed by the science-intensive commodity export specialization factor: it rose for Japan in the period 1963-1983 from 0.56 to 1.41; for the United States it declined somewhat--from 1.29 to 1.2; for the EC, however, it declined markedly--from 1.02 to 0.88 (including a decline for the FRG from 1.21 to 0.99, for Great Britain, from 1.05 to 0.94, for France, from 1 to 0.93, and for Italy, from 0.84 to 0.63). In accordance with the directions of specialization which have been distinguished, the nature of the EC countries' participation in the international division of labor in respect of science-intensive commodities may be defined as transitional from moderately expressed to insufficiently expressed specialization.

Table 2. Share of World Industrial Exports of Science- and Technology-Intensive Products (%)*

	1967	1979	1983
EC countries	44.8-46.5	42.8-45.1	34.3-38.7
Japan	7.3-8.9	10.6-15.5	13.8-20.8
United States	23.7-26.5	16.6-19.3	17.2-20.9
"New industrializing countries" of Asia	0.6-1	4-5.6	5-7.3
Other states	19.1-22.4	19.2-21.2	20-21.5

* The bifurcated indicators correspond to the narrower and broad interpretations of the science- and technology-intensive products category.

Compiled from ECONOMIE PROSPECTIVE INTERNATIONALE 3d trimestre 1985, p 16.

The role of EC countries in world industrial exports of science- and technology-intensive products has been diminishing, particularly since the end of the 1970's, but the indicators for Japan practically doubled in the period 1967-1983. The Community accounts for only one-tenth of supplies to the world market of computer equipment in technology (14). As the organ of British business circles observed, "West Europe cannot at the present time offer anything in the field of supercomputers--the sphere dominated by the American Cray and Control Data Corporation and also the Japanese NEC companies" (15).

If we take total exports of machinery and equipment from West Europe, a trend toward a reduction in the proportion of electronics and electrical engineering products has been distinctly visible in the 1970's-1980's. This means the appearance of a quite serious structural gap in regional exports. The loss of foreign trade positions in this field reflects the relatively weak development of electronic engineering and the basis of the improvement of practically all types of machinery and equipment.

All this is in manifest contrast to the state of affairs in Japan and the United States. The undisputed leader of the EC--the FRG--which for many years occupied second place in the capitalist world in terms of science-intensive product exports, has yielded it in the 1980's to Japan, in which the slogan "electronics will be the country's oil" was adopted back in the 1970's. West Europe occupies considerably weaker positions than its main competitors on the robot-assembly, flexible automated systems and communications satellites and also new materials and biotechnology markets. The vulnerability of the present version of West Europe's participation in the international division of labor also reflects the state of the science-intensive product exchange balance sheet. Whereas in Japan the coverage of imports by exports approaches 300 percent, and in the United States constitutes 170 percent, in France it more often than not does not exceed 90 percent, in Great Britain, 80 percent, and only in the FRG is a level of 150 percent maintained.

The legitimacy of these conclusions is confirmed by a number of Soviet and foreign scholars. Analogous conclusions are reached by experts of the USSR

Ministry of Foreign Trade All-Union Scientific Research and Design Institute, for example (16). In turn, experts of the French Paribas Bank, making corresponding calculations, concluded that the EC occupies strong positions on the world middle-technology product market (17), but in recent years even they had been proving increasingly vulnerable. Subsequently this conclusion based on material of the FRG and France was confirmed in the economic bulletin of the French Societe Generale Bank (18).

Particular concern in West Europe is being caused by the relative weakness of the region's positions in such spheres as microelectronics and biotechnology, in which, many experts believe, there is already a technological sharing of markets between the United States and Japan (19). It is significant that more than half the information technology produced in West Europe is manufactured by American and Japanese affiliates. As R. Wilmot, leader of Britain's ICL computer company, believes, if the present trend continues, the share of affiliates of non-European firms will have risen to two-thirds by 1990 (20).

For West European commodities as a whole the problem of competitiveness is becoming increasingly important on both the regional and, particularly, extra-regional markets. Squarely on the agenda for West European states is the complex problem of transition to a new set of export "base" sectors and their components ("niches"). The limits of a number of sales markets (in auto production, for example) are appearing and competition is growing (particularly on the part of the so-called "new industrializing countries") on markets of traditional products, specifically, ferrous metallurgy, shipbuilding, home electronics, textiles and synthetic fabric. In addition, the list of such "competition-vulnerable" sectors and industries will, it would seem, invariably lengthen.

In the Search for Solutions

The opinion is expressed in political, scientific and business circles of West Europe and beyond that many of the weak spots of the region's participation in the international division of labor are connected with the narrowness of the markets and economic possibilities of its individual states. As Marxist scholars observe, there are profound contradictions and an acute competitive struggle between the "state-exclusive imperialisms" (21). The negative economic consequences of such phenomena are being perceived in the 1980's more than ever.

It is well known that West Europe does not represent a unified whole and that there are the most diverse formal and informal restrictions and obstacles, including customs dues, in commodity exchange between its individual countries and within the Community framework even. Various forms of selective protectionism (in automotive, textile and chemical industry, ferrous metallurgy and elsewhere) are becoming increasingly widespread, which by no means testifies to the strength of West European countries' competitive positions. It is not fortuitous that structural policy in the region is frequently characterized as conservative or "defensive". It is natural that the very process of the international division of labor and specialization on an intraregional basis is held back noticeably in such a situation.

In addition, in the 30 years since the time West Europe's biggest integration association--the EC--was formed not only has it not been possible to organize within its framework the efficient intraregional division of labor (or to achieve a "harmonization of the economic fabric," as they say in France in this connection) but, on the contrary, the parallelism and duplication of industries has intensified. This has to a large extent brought about the existence of numerous underloaded plants and had a negative effect on the international specialization of the region. "There is no real Common Market," G. de Carmois, professor of economics at the European Administrative-Economics Institute (Fontainebleu), believes. "Each of the four leading countries wishes to have a full set of industrial sectors, which it supports by granting subsidies and relaying government orders to national enterprises" (22).

As the facts testify, an increasingly large portion of the Community countries' imports competes with national industries. In order to counter this various neoprotectionist instruments, specifically, numerous nontariff barriers, are employed, which is costing the EC members tens of billions of dollars. The significance of the customs disarmament within the Community framework, still frequently encountered in economic literature, should not, it would seem, be exaggerated in this connection. The growth of the proportion of dynamic sectors presupposes a parallel reduction in the proportion of the more backward sectors, and, consequently, the inordinate protectionist support for the latter is inevitably holding back the development of the first. As a result, for example, according to estimates available in the West, the slow reduction in the proportion of light industry and metallurgy in Great Britain, France and Italy is contributing to a certain extent to the newest sectors of these countries losing their international positions. Consequently, the trajectory of economic growth is being disturbed.

The economic thought of West Europe is in general pushing to the fore in the 1980's the problem of a "big market" and "common European technological, production and marketing area". The actual absence of such a market in the region is seen as a principal factor of its technological lag behind the United States and Japan (23). The parallelism and duplication in the R&D sphere are great. Thus, for example, to create systems with numerical programmed control West European countries have employed three times as many computer and software specialists and spent considerably more in the way of financial resources than the United States and Japan, but have been unable to secure for themselves strong competitive positions.

And there are plenty such examples. There are difficulties in the concentration of efforts in the most promising areas of export specialization and a reluctance on the part of industrialists to create regional science and production associations. In addition, endeavoring to enhance the competitiveness of their products, they frequently prefer to associate with American and Japanese firms than among themselves. All this is made worse by U.S. capital's active penetration of West European engineering, primarily its progressive sectors.

Under the conditions of the intensifying international division of labor in the 1970's and at the start of the 1980's the countries of the Community, the big ones particularly, endeavored to this extent or the other to take

advantage of the experience of their leader--the FRG--which had graphically demonstrated, up to the end of the last decade, at least, a number of advantages of its model of industrial development.

Back in the 1960's the FRG wound down a number of standard industries accessible to capitalist countries of a middle level of development (primarily textile industry, manufacture of agricultural equipment and so forth). The main efforts were concentrated in the promising, relatively specialized sectors and subsectors of the economy manufacturing commodities with greater added value. Eight commodity groups, which account for more than two-thirds of the country's exports, now constitute the basis thereof. The leading ones among them are general engineering products, automobiles and chemical and electrical engineering goods. As a result the FRG caters, for example, for up to 25 percent of capitalist states' engineering product exports, including 37 percent of machine tools.

However, the FRG has not, it would seem, switched completely to a new level of specialization in the international division of labor. As a result its lag behind Japan and the United States has been revealed in such important spheres as the production of electronic components, office equipment and information science. It was not fortuitous that in 1984 the FRG ceded first place in terms of industrial product exports to Japan, having occupied this unchanged since 1970; its share of world machinery and equipment exports, on the other hand, has been declining since 1974. As far as the other main West European countries are concerned, they have not made even the transition in the system of international specialization which has been under way in the FRG since the 1960's. As a result many specialized sectors in the economy of West European countries are not science- and technology-intensive or, at least, being restructured sufficiently rapidly in the new directions.

In response to the American and Japanese technological challenge the West European states have in the 1980's been taking big steps on a national basis. For many governments the creation of a strong technology base has become synonymous with the promotion of economic growth and competitiveness. In addition, West Europe's aspiration to technological independence and a strengthening of the national and regional S&T potential has intensified even more in connection with the U.S. Administration's tightening of controls over exports of the latest technology. Many West European economists believe that the United States' policy in this field is directly affecting the strategic interests of the states of the region.

Big programs providing for the investment of considerable capital resources in R&D and production have been drawn up and realized as of the start of the 1980's at state and private enterprise level in many West European countries--primarily in the FRG, France, Great Britain and Italy. The programs extend to both the newest sectors and traditional industries which are the basis of West European countries' export specialization. A cardinal restructuring of the latter on the basis of the achievements of the newest sectors with a simultaneous winding down of the manufacture of laborious and energy-consuming products should make it possible, as political and business circles of the region intend, to preserve and consolidate export "niches" in the classical sectors. The national industry ministries are annually spending large amounts

on the introduction of new technology.

At the present time the West European countries, if not leading, are not lagging behind their competitors in research in machine-tool building, chemicals (the FRG, Netherlands), aircraft manufacturing and the creation of fast-neutron reactors (France). In the 1980's Great Britain, the FRG and Switzerland have scored successes in the microelectronicization of the economy. This is creating the basis for an expansion of the range of export "niches" in the science-intensive sphere. They include, specifically, products of the aerospace complex. West Europe's share of the exports thereof increased from 32 percent in 1967 to 50 percent in 1984 (primarily thanks to France and the FRG).

Pronounced changes are occurring in the activity of the leading West European companies. They are upgrading the organization of production, using new technology and orienting themselves toward the manufacture of specialized products of a higher technical-economic standard. The greatest assertiveness distinguishes large firms with a high export quota, which, in order not to lose international competitiveness, are continuing, as a rule, to increase capital investments even under deteriorating conditions. Of course, unambiguously predicting the results of the measures which are being implemented is very difficult. They are based more often than not over a number of years and require purposeful and large-scale actions attended under capitalist conditions by many social costs.

West European countries are also seeking opportunities for overcoming the flaws in adaptation to the international division of labor on the paths of a concentrated buildup of arms exports, which in foreign trade statistics are usually carried under the "Machinery, equipment and means of transport" heading. In the mid-1980's the West European countries have for the first time matched the United States in terms of their share of the world capitalist arms market (22-23 percent). American specialists believe that West Europe has set itself the definite goal of having become the main arms supplier at the end of the 1980's-1990's. France is doing particularly "well," catering for almost half of West European arms exports, as are Great Britain, the FRG and Italy also.

The plan for the creation of a "European technological community"--Eureka--which was put forward in the spring of 1985, is seen as an honest attempt by West Europe to strengthen its computer, laser and other technology-intensive industry. R. Barre, the well-known economist and former premier of France, believes that Eureka affords opportunities for West Europe's self-assertion and will make it possible to avert its becoming a third-rate power. The more so in that the accumulated experience of joint cooperation (the Airbus, Ariane rocket) testifies to West Europe's capacity for competing successfully with the United States in the progressive technology sphere.

Eureka has now entered the stage of practical realization--the 12 EC partners, the 6 EFTA members and also Turkey are taking part. The ECC is acting as a separate member of this organization of West European technological cooperation. The program contains more than 100 projects, and a further 50 approximately are waiting to be included in Eureka's plan of activity.

Such major problems as the creation of a regional market for the sale of high-technology products, determination of the further directions of R&D and the extensive enlistment therein of the private sector and also the development of the initiative of West European firms, small and medium-sized included, are being tackled within its framework primarily.

Following the London intergovernmental conference on the program (summer of 1986), it became clear that the socialist countries were barred access to Eureka, although its founders had declared repeatedly the civilian thrust of the program and its open character for the association therewith of all European states. The military aspect of the scientific studies of the Eureka program is beginning to show through increasingly often, and there is increasing confirmation of the opinion that the "technological Europe" could be--if it is not already--an appendage to a "European defense initiative" linked with the creation of an ABM "shield" for West Europe. Political and social circles of the region are calling attention to the coincidence of the subjects of research efforts within the Eureka and SDI frameworks: the creation of computers, lasers, new materials, robots and telecommunications facilities. Many of the firms involved in the SDI are already participating in Eureka projects (24).

So in the 1970's-1980's West Europe has been adapting to the new conditions of economic development worse, as a whole, than the United States and Japan. Its international competitiveness is comparatively low. The structure of the economy, primarily of industry, which took shape in the 1950's-1960's, affords the region no perceptible advantages, and the structural rebuilding which has begun has not as yet led to noticeable results in the foreign trade sphere. It is this, evidently, which is a principal cause not only of the biggest fall in the rate of growth of the gross domestic product since 1973 but also the steady decline in the region's share of capitalist countries' industrial production and exports in the last 10 years.

At the same time there is increasingly profound recognition in West Europe of the need for an end to this trend. Its leader--the FRG--is making persistent efforts to optimize the international specialization of its industry with regard for the experience of the United States and Japan. The prospects of a change in the situation which took shape in the 1970's-first half of the 1980's depend on a complex aggregate of economic, social, political and other factors and processes.

FOOTNOTES

1. Pertaining more often than not here are information science, aerospace industry and production of telecommunications facilities, electronic components, precision instrumentation and medical equipment.
2. K. Marx and F. Engels, "Works," vol 46, pt II, p 19.
3. Ibid., pt I, p 385.
4. Exports outside of the region constitute approximately 10 percent of West Europe's gross domestic product.

5. However, the adduced indicators do not fully reveal the significance of the external sphere. As is known, the proportion of services in the gross product of West European countries is high (approximately 50 percent). For this reason commodity exports should for our purposes be correlated with material production. For the FRG, Great Britain, France and Italy such an indicator is in excess of 60-70 percent compared with 25-30 percent for the United States and 30-35 percent for Japan.
6. INTERNATIONAL HERALD TRIBUNE, 28 November 1985.
7. Put into circulation in 1983 by the West German economist G. Girsch to denote the condition of the stagnation of West Europe in the international competitive struggle.
8. The set of methods of quantitative analysis is relatively extensive. At the same time, however, we would recall that attempts of many years' standing to find a comparable common indicator of international specialization making it possible to quantitatively compare levels of the specialization of regions, individual countries and sectors have not up to the present met with success. In addition, the set of indicators which is used is grounds only for approximate estimates. We would note the following also. Abrupt changes in the development of the conditions of the world and national markets exert in a number of instances (as events of the past 10-15 years testify) an appreciable influence on an increase or diminution in indicators of the international specialization and involvement of sectors and spheres of the economy in world economic processes, but in the long term a change in these indicators is determined by such permanent factors as the intensifying internationalization of production and the structural changes occurring therein and also in consumption.
9. Structural anomalies are a deviation of the structure of the commodity exports of West Europe and the EC from the analogous structure in the developed capitalist states as a whole. Deviations here with a plus sign in progressive and promising industries testify to progressive structural changes and, on the contrary, negative values, pertaining to mechanical engineering products, for example, indicate trends contrary to the requirements of the optimization of participation in the international division of labor.
10. The export specialization factor is calculated as the relationship of countries' and regions' share of world exports at the sectoral and subsectoral level to their overall share of world exports.
11. For the FRG there were four entries in the group of highly specialized engineering industries (textile and leather and metal-working equipment, general industrial equipment, passenger automobiles), for France, three (railroad rolling stock, passenger automobiles and other means of transport--ships, aircraft), for Great Britain, also three (power equipment, tractors, instrumentation and scientific instruments), for Italy, seven (specialized sectoral equipment, tractors, textile and

leather, food and metal-working equipment, general industrial equipment, home electrical equipment), and for the small West European countries, four entries (textile and leather and food equipment, ships and other amphibious vehicles, instrument making and precision mechanics and optics).

12. ECONOMIE PROSPECTIVE INTERNATIONALE, 3d trimestre 1985, p 19.
13. They account for 27-30 percent of the world trade in manufacturing industry products. True, there is also a number of other, broad classifications of science- and technology-intensive products incorporating many chemical products, home electronic appliances, passenger automobiles, electrical equipment and so forth. In such cases their share rises, according to our calculations, to 45-48 percent.
14. On the world computer chip market West Europe's share constitutes only 3 percent compared with 30 percent for Japan and 65 percent for the United States.
15. FINANCIAL TIMES, 30 June 1986.
16. See, for example, M.A. Tatyanchenko, "Structural Changes in the Foreign Trade in Machinery and Equipment of the West European Countries in the 1970's" (FOREIGN COMMERCIAL INFORMATION BULLETIN, Supplement 7, 1984, pp 67-69).
17. See BULLETIN ECONOMIQUE MENSUEL DE LA BANQUE DE PARIBAS, December 1984, pp 177-178.
18. See CONJONCTURE, August 1986, pp 10-14.
19. At the focus of the ongoing structural reorganization, the French expert M. Richonnier observes, are microelectronics and biotechnology, which have come to replace electricity and oil. But it is in these spheres that the lag of the West European countries is manifested mainly (see M. Richonnier, "Les metamorphoses de l'Europe de 1769 a 2001," Paris, 1985, pp 96, 223).
20. INTERNATIONAL HERALD TRIBUNE, 28 November 1985.
21. See Ye.M. Primakov, "Lenin's Analysis of Imperialism and the Present Day" (KOMMUNIST No 9, 1986, pp 110-111).
22. LE POINT, 29 April 1985, p 29.
23. A decision was adopted at the European Community session in Luxembourg (December 1985) on the creation by the end of 1992 of a common internal commodity, manpower, service and capital market of the 12 participants.
24. For more detail see MEMO No 9, 1986, pp 93-100; No 10, 1986, pp 26-40; No 2, 1987, pp 101-104.

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STATE, FUTURE OF NORTH-SOUTH ECONOMIC DIALOGUE

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[Article by P. Khvoynik: "Difficult Fate of the 'North-South' Dialogue"]

[Text] The "North-South" dialogue occupies an important place in international economic life. This very term, which, although far from unblemished, has already become a firm part of the world economic vocabulary, may be viewed and, accordingly, understood variously.

It may, for example, be understood literally, in the narrow sense, and reduced merely to a formal dialogue which is conducted at forums intended for this. Such, for example, would seem to have been the top-level meeting in Cancun (Mexico), where in October 1981 the leaders of the leading Western powers and the group of developing countries discussed the pressing problems of economic relations between them, aspiring or, like the leaders of the West, merely attempting to indicate an aspiration to mutually acceptable compromise.

This dialogue may be perceived in a broader framework, it being understood as a totality of the discussions and negotiations between the industrial and young states at different levels and in different international institutions on both general and specific questions of their economic interaction. Conferences, sessions and working meetings of numerous subdivisions of the United Nations and its specialized institutions and other international organizations pertain here.

This list may, finally, be supplemented by all the other forms of a confrontation of opinions, the formulation of the positions of individual groups of countries and the search for concerted solutions. It is thus that the activity of various international symposiums, study groups and scientific forums appears. We should, of course, add to this the voluminous stream of literature on problems of the developing countries and international economic cooperation and their illustration in the general and specialized press.

There is hardly any point arguing which precisely of the interpretations of the "North-South" dialogue is the sole correct one, if an exhaustive definition of such a complex phenomenon is considered at all possible. It is evidently entirely a question of the yardsticks with which to approach this

dialogue: to consider it only a reflection of the positions of the corresponding groups of countries or a specific international mechanism for the formulation and, the main thing, coordination of these positions. In our view, the "North-South" dialogue (more precisely, "West-South" since it is to the Western powers that the main complaints of the developing countries are addressed), regardless of the forms thereof to which to pay the most attention, is a concentrated expression of the economic contradictions between imperialism and the "third world" and a kind of indicator of the balance of forces between them and indicator of trends in this sphere. An analysis of this dialogue not only permits a better understanding of the essence of the foreign economic policy of the confrontational sides but also helps ascertain the possible lines of its further development and their intersection. It is from this angle that it would seem advisable to examine here the fate of the dialogue, bearing in mind that it is only a part, albeit a very considerable one, of the broader problem of relations between the West and the emergent countries, which is beyond the framework of this article.

Some History

Despite the comparatively short history of the "North-South" dialogue, determining its precise chronology is not as simple as it might seem. The start of the dialogue may, perhaps, be attributed to the first half of the 1960's, when the contours of a common foreign economic platform of the developing countries emerged. This was largely connected with the final collapse of the colonial system of imperialism, the transition to independent political life of a large group of young states and the rapid expansion of their membership in international organizations.

However, at that starting point the political and, particularly, economic positions of the emergent states were still relatively weak, and their economic decolonization was at the most elementary stage. Under these conditions the developing countries, which lacked, in addition, sufficient experience of collective struggle against the united front of Western powers opposing them, were taking only the first steps toward recognition of their new role in world affairs. Gradually, frequently by trial and error, they acquired the skills of pursuit of a common foreign economic strategy and joint formulation of their claims against imperialism.

These aspirations were heard in full voice at the First Conference of Heads of State and Government of Nonaligned Countries in 1961. The Belgrade Declaration advanced, in particular, the proposition concerning "transition from the old order based on domination to a new order based on cooperation between nations and on freedom, equality and social justice in the interests of prosperity" (1). The Cairo conference of the economic development group of nonaligned countries, which was held in 1962 and which put forward a number of demands pertaining to the restructuring of the evolved system of world economic relations in favor of the young states, was devoted to specification of the economic aspects of this idea, albeit in a highly limited form.

True, at this stage there was in fact no dialogue as such for, although the voice of the developing countries was being heard increasingly strongly, the West preferred to remain silent, putting its hopes in the old instruments of

its foreign economic policy of inequality and diktat tried out many times over in the colonial period. However, in the face of the growing assertiveness of the emergent states and their strengthening unity the futility of obstructionist tactics alone was becoming increasingly obvious, and the bloc of imperialist powers found itself forced to look for a more constructive line--to consent to dialogue with the "third world" on foreign economic problems.

The second stage in the development of the dialogue, when it began to assume increasingly real outline, may be attributed roughly to the mid-1960's-start of the 1970's. This period was characterized on the one hand by the organizational formation of the Group of 77 developing countries, which took shape officially at the first UNCTAD conference (Geneva, 1964), an extension of the list of claims of the emergent countries against imperialism and the formulation of a common foreign economic program of the "third world".

The Geneva UNCTAD conference, the mere fact of the convening of which at the initiative of the socialist and developing countries was a big victory for the progressive forces, represents the most significant landmark on this path. The creation of the highest universal UN forum for problems of world trade and economic development and the adoption at its first session of important decisions concerning a restructuring of world economic relations based on equality and mutual benefit with regard for the special interests of the developing states largely determined the further course of events in this sphere. The 1967 Algiers Declaration, in which the Group of 77 advanced a far-reaching program of struggle against neocolonialism in international economic relations, also had big repercussions. Certain elements of these new trends were manifested also in the International Development Strategy adopted by the UN General Assembly in connection with the proclamation of the 1970's the Second Development Decade.

On the other hand there was increased participation in the dialogue on the part of the imperialist powers, albeit participation in the majority of cases with a minus sign. In order not to remain in complete isolation the West found itself forced to enter into a dialogue with the young states, which was already beginning to acquire the features of a sharp confrontation, endeavoring thereby to lessen the intensity of the anti-imperialist struggle, emasculate the general democratic content of the claims that were being made and to direct discussion thereof into a channel acceptable to itself.

This new policy was manifested particularly distinctly in the recommendations of the Pearson Commission set up under the aegis of the World Bank in 1968. The commission called for a "new partnership based on an informal understanding of the mutual rights and obligations of those granting the assistance and those receiving it" (2). But the proposed model of "new partnership" was so frankly oriented toward safeguarding the interests of neocolonialism, primarily toward "promotion of the mutually profitable movement of foreign private investments" (3), that even Western experts called the "Pearson Report by no means the cornerstone but a gravestone in international cooperation in economic development assistance" (4).

At this stage the West's position was predominantly negative. It combined

outright obstruction of the developing countries' most fundamental demands with vague promises of partial concessions on secondary issues. This policy was manifested both at the time of formulation of international development strategy and, particularly, at the time of the adoption at the first UNCTAD session of the principles of world trade and economic development.

In respect of many principles the leading Western powers, primarily the United States, either voted against or abstained. Such tactics were unable, however, to prevent the majority of the world community adopting solutions which were progressive as a whole, although they blunted their anti-imperialist resonance somewhat. On the other hand this policy of the West's led (and ultimately contrary to its own interests, what is more) to the further crystallization of the positions of the opposite sides and helped illuminate even more clearly the archaic nature of the imperialist "rules of the game" and the incompatibility of a policy of diktat and discrimination with the new conditions of world development.

The dialogue entered its most eventful and, perhaps, decisive stage in the mid-1970's. It was characterized on the one hand by the developing countries' broad offensive along the entire front of the struggle against neocolonialism and, on the other, by the pronounced weakening of the positions of the imperialist powers, their forced retreat and, initially, manifest confusion even in the face of the turbulent onslaught of the progressive forces. From demands for the safeguarding of their interests in individual spheres of world economic life the emergent countries switched to the elaboration of a comprehensive program of its anticolonial restructuring and came together on the platform of a new international economic order (NIEO). The culminating point here may be considered the adoption in the United Nations (1974) of the NIEO program and the Charter of States' Economic Rights and Duties. Although both these documents are in some respect insufficiently consistent and interpret insufficiently realistically at times the tasks of the radical democratization of international economic relations (partly as a consequence of the contradictions within the motley conglomerate of developing countries, partly, on the other hand, thanks to the active resistance of the West), it is in any event difficult to see them other than as a serious blow to imperialism and neocolonialism.

A number of material circumstances also contributed to this turn of events. Primarily, of course, these were the general strengthening of the positions of progressive, peace-loving forces on the international scene. It is not fortuitous that the adoption of the boldest decisions pertaining to a restructuring of world economic relations coincided with the period of East-West political detente and a revitalization of their economic relations. It is just as unaccidental that it was in this period, and with the active political support of the socialist states, what is more, that the emergent countries were able to achieve a restoration of national sovereignty over their natural resources, which, in turn, afforded them an opportunity to carry out a number of actions on the mineral raw material, primarily oil, markets.

In this connection the question arises as to the extent to which the general complication of the raw material situation, particularly the exacerbation of capitalism's energy problem in the mid-1970's, contributed to a strengthening

of the positions of the emergent countries. Was this the direct or even the main reason for their success in the confrontation with neocolonialism, the result of which was the adoption of the NIEO program? According to first impressions, there were many substantial arguments for such an interpretation given the abrupt upsurge of raw material prices and the "oil shock" which rattled the entire capitalist economy and coincided, moreover, with a cyclical crisis and clearly intensified it. It was on this interpretation of the noticeable shifts in the "North-South" dialogue that the West insisted, which stubbornly attempted to heap the whole blame on OPEC and lay on the oil-producing young states the responsibility for the chaos in the world capitalist economy.

However, if things are viewed impartially, it could be seen even then, and this was revealed even more clearly subsequently, that this aspect of the matter was by no means the sole one. Of course, the "oil factor" cannot be completely ignored for the abrupt explosion of contradictions in such an important sector of the economy could not have failed to have been reflected in all its spheres. Not to mention the other deep-lying causes of the energy cataclysms of an objective nature (the depletion of reserves, for example, increased production costs, energy "budget" disproportions), the main one, it would seem, was the crisis of the socioeconomic system of world capitalism's raw material economy, which had matured long since. The nationalization of the property of foreign monopolies, the undermining of the power of the "seven sisters" international oil cartel and the partial change in the structure of economic relations between the centers and periphery of the capitalist world testify to this. Under these conditions the upsurge of prices, however serious its consequences, would seem to have been, nonetheless, merely a catalyst, albeit a very powerful one, of this crisis.

All that has been said markedly influenced the "North-South" dialogue, particular the tone of the West's arguments. Conciliatory notes, calls for compromise and arguments concerning the common "interests of the developed and developing countries, which in this historical period will be served more by cooperation than confrontation" (5) appeared. This concealed concern at not so much confrontation as such as at the growing intensity of the struggle against neocolonialism, whose fervor Western strategists were hoping to dampen in the labyrinths of dialogue and use in their own interests, thereby adapting to the new conditions. The essence of this policy was expressed sufficiently candidly by E. Schumacher, West German specialist on the developing countries, who observed that "we should not aspire to stop a moving train, we need to know how by timely participation in the elaboration of new forms of cooperation to direct it along the necessary path" (6).

Metamorphoses of the Dialogue

As of the end of the 1970's approximately the "North-South" dialogue has entered a new phase, which continues today even. Two opposite trends were becoming increasingly noticeable on the frontier of the last decade. On the one hand the movement of developing countries in support of a radical restructuring of the general system of the world economy relations of capitalism was expanding and the popularity of the new international economic order slogan was growing. On the other, the resistance of the Western powers

to these progressive aspirations was intensifying and the tactical arsenal of the West in the confrontation with the developing world was expanding and being modernized.

Both these trends had both objective and subjective prerequisites. The irreversible changes which had begun in the socioeconomic structure of the world capitalist economy and the widespread recognition in international law of the need for preferential foreign economic conditions for the developing countries contributed to a considerable extent to the strengthening of the positions of the young states. The new upsurge of world fuel prices in 1979, which for the umpteenth time emphasized the vulnerability of the raw material sector of the world capitalist economy, was of definite significance also.

However, the second "oil shock" simultaneously marked a kind of culmination of the "North-South" dialogue and a turning point therein. By this time the West had not only largely adapted to the new conditions of relations with the developing countries and modified its tactics of balancing between confrontation and compromise but also--which is even more important, perhaps--had adapted economically and technically to the changed conditions of the supply of raw material, oil primarily. The narrowing of the foreign resource base had objectively stimulated the introduction of energy- and material-saving technology, whose development came to assume an irreversible nature. Unfolding against the background of a general slowing of the growth rate of the capitalist economy, these processes were reflected particularly painfully in the foreign economic position of the young states and undermined their positions in the struggle for a NIEO. Miscalculations in the economic policy of some developing countries, undue reliance on the attraction of foreign loan capital and a simplistic, sometimes one-sided approach to the tasks of international cooperation also objectively weakened these positions.

The growing intransigence of imperialism and its harder line in respect of the demands of the developing states coincided by no means fortuitously with the assumption of office in almost all the leading Western countries of conservative governments. Reliance on power pressure and an emphasis on the "free play of market forces" were the principal arguments of the West's policy in respect of the emergent countries.

This turnabout in the political course was manifested particularly graphically during the discussion in the United Nations of the tasks of a NIEO. Concerned at the unsatisfactory results of the realization of their demands, the developing countries posed the question of so-called global negotiations pertaining to the establishment of a new international economic order. The adoption in 1979 of the corresponding resolution by the UN General Assembly was in fact the last thing the young states managed to achieve at this stage of the struggle for economic decolonization since subsequently the West essentially blocked the global negotiations, which did not even start.

Subsequent metamorphoses of the "North-South" dialogue can best be judged, we believe, from the series of reports on this topic prepared by the highly authoritative W. Brandt Commission and which caused big international repercussions. Among the wide stream of literature reflecting the essence and peripeteias of the dialogue, this material merits special attention for a

number of reasons. First, the W. Brandt Commission itself was formed specially to study the problems of relations between the West and the developing countries and for the search for possible compromise in this sphere, and its activity enriched considerably the content of the "North-South" dialogue. Second, the commission's reports reflect the positions of the circles in the developed capitalist countries and, partly, in the young states which are situated between, as it were, the extreme poles of the confrontation and cooperation of the West and the "third world". Finally, thanks to the uniformity of the structure of the reports, each of which pertains to a certain period, it is easier to trace the evolution of views in the corresponding period of time, although formally these publications are not entirely comparable.

Let us briefly recall their history. The first report of the Independent Commission on Economic Development Issues headed by W. Brandt was prepared by a group of experts from the developed and developing countries. It incorporated politicians and public figures and representatives of business and scientific circles, each of whom was acting in a personal capacity. Nominally the members of the commission did not represent any governments, parties or international organizations, however, both the presence therein of many leading figures of the Socialist International and the choice of other participants testify to a particular political orientation. The commission's functions formally ended with the completion of work on the report, but the complicated atmosphere of the "North-South" dialogue prompted its former participants to issue a new publication, which came in the press to be called the second Brandt report. The continued exacerbation of the situation led to the appearance of a follow-up book prepared on this occasion only by representatives of the developed capitalist countries under the aegis of the Socialist International's Economic Policy Committee, but perceived by force of inertia as the third Brandt report. Thus both the genealogical and undoubted continuity of this material are reason for regarding it in a single category, which ultimately constitutes a quite appreciable part of the dialogue itself.

The first report was issued in 1980, but if it is considered that the commission's work had begun 2 years earlier, it may be considered a reflection of the concepts and positions in the "North-South" dialogue which had taken shape at the end of the past decade, that is, precisely at the pivotal stage in the economic mutual relations of the West and the "third world". Without dwelling on this document in detail (7), we would note primarily its general tone. Echoes of the West's fears of being deprived of freedom of access to its customary sources of raw material, oil particularly, from the developing countries, opposition to a more independent foreign economic policy of the young states and an endeavor to adapt to the new conditions by way of mutually acceptable compromise could still be heard therein. Whence also the complaints that "the North-South dialogue has suffered from the atmosphere predominant in the past of southern 'demands' and northern 'concessions'; only most recently have certain prominent representatives of public opinion begun to call for a dialogue which is seen as an opportunity for a partnership in which all sides could cooperate to mutual advantage" (8).

At the same time the authors of the report expressed concern for the prospects of economic relations between the centers and the periphery of the capitalist

world on a broader plane also, defining paths of the developing countries' further participation in the world capitalist economy. The main emphasis here was put on an interpretation of the concept of the interdependence of the national economies which was designed to emphasize not only the "significance of growth in the North for the economic development of the South" but also of the South "as a stimulator of growth for the North". It was from these positions, not to mention the defense of the interests of foreign capital in the emergent countries, that the expediency of the transfer thither of large-scale financial resources designed to serve as a kind of "accelerator for the world economy, helping it at the time of recessions of a short-term nature and contributing to speedier growth in the long term" (9), was shown.

Essentially all the report's recommendations, seemingly dictated by concern for the needs of the young states, were aimed at a modernization of the system of their relations with the Western powers which was profitable primarily to the latter. All this was done under the flag of the "need to safeguard the mutual interests of North and South," although it was difficult to deny that "North-South relations are so complex that discussion merely of a community of interests could give rise to suspicion" (10).

The report's contradictoriness is also manifested in the fact that while painting a relatively objective picture of the emergent states' economic difficulties and criticizing certain components of Western foreign economic policy it proposed very modest and palliative measures to ensure the equality of the developing countries in the system of capitalism's world economic relations. It was in fact a question of convincing the West of the need for a flexible policy in respect of the "third world" and simultaneously showing the emergent countries how difficult it is to win the desired concessions without the appropriate reciprocal steps.

As a whole, this document was notable not only for its actual recognition of the unsuitability of the evolved system of the world economic relations of imperialism for the social and economic progress of the peoples of the emergent countries. The ideas and concepts which it put forward, largely of a reformist nature, were interesting in that they reflect a search for ways to solve many serious contradictions of present-day capitalism. These paths, however, according to the influential political and social circles which were represented in the W. Brandt Commission, are inevitably connected with compromise and the development of "North-South" dialogue for "there is no alternative to dialogue as such and continued negotiations" (11).

This appeal had seemingly imparted new impetus to the development of the dialogue--after all, it was at the initiative of the commission that the meeting in Cancun was held. But the more the hopes placed in this forum, the greater was the collapse of illusions caused by the manifestly obstructionist policy of the Western powers. In addition, "a retreat has been observed since Cancun" (12). This prompted the commission's members to issue in 1983 a new document, in which they sounded the alarm in connection with the fact that "the 3 years which have elapsed since publication of the Brandt Commission report ...have brought growing economic difficulties for the industrialized countries and disaster virtually for many people in the developing world" (13).

The latest cyclical crisis illuminated even more clearly the crisis of relations between the Western powers and the emergent countries. Preoccupied with its own economic disorders, the West, which had, moreover, almost recovered from the "oil shocks," was displaying increasingly less readiness to meet the young states half-way, trying, on the contrary, to shift onto them the costs of the economic recession. The short-sightedness of this policy, which threatened boomerang-like to hit the Western countries themselves, showed through increasingly distinctly.

Under these conditions new, manifestly anxious motifs were appearing in the interpretation of the interdependence concept, which had seemingly reflected concern for the "poverty-stricken South," when it was a question of the interests of the "North". As the second report emphasized, "it is becoming increasingly apparent that we are all in the same boat and that the North cannot be indifferent to the fact that the southern end of this boat is sinking. Nor is the northern end of the boat all that capable of remaining afloat." It was nothing to do with a show of altruism here since, after all, "the North will suffer if the South is not given assistance" (14).

The authors of the report saw a way out of the situation primarily on the paths of negotiations and not confrontation with the "third world," believing not without reason that "the global economic recession and stalemate in the North-South dialogue are having a negative impact on one another." The call for a revival of the dialogue had also acquired a new coloration--an aspiration to "greater pragmatism and realism". However, whereas from these standpoints the West was calling merely for "the increased effectiveness of multilateral and group diplomacy," it was made unambiguously understood to the developing countries that "the South must recognize to a greater extent the fact that although the North also is very concerned to improve its policy, the interests of the South are more immediate and urgent." It was therefore plainly pointed out to the young states that compliance was more useful than "a negative response and passive resistance. Then the North will respond positively to the sound proposals of the South." Also proposed in the name of greater pragmatism was a new concept of limited dialogue designed to reduce it to "discussions between countries of the North of like mind and groups of interested countries of the South" (15).

However, these calls did not lead to the desired results. The "North-South" dialogue became increasingly deadlocked. Under these conditions experts of the Socialist International came out with a new document, which sounded the alarm in connection with the fact that "the world economy is in a state of profound crisis, and neither imminent global upturn nor light at the end of the tunnel are visible, what is more" (16).

While repeating many of the ideas of the preceding reports (specifically, concerning the transfer of financial resources to the developing states and easier access thereto of foreign capital), this, conditionally speaking, third Brandt report is notable for a number of new aspects. First, the question of the interconnection of tasks of disarmament and economic development was posed more emphatically since military spending, "if the program of the Strategic Defense Initiative or 'star wars' is fulfilled, could easily be in

excess of half the developing countries' gross domestic product." Second, there was more definite discussion of the negative consequences of the international monopolies' domination in the "third world" and the obstructionist policy of the leading Western powers. It was emphasized plainly that "to achieve by multilateral efforts a way out of the deadlock in North-South relations we must acknowledge the existence of the veto imposed on global development by certain developed countries. We are challenging the domination in the world economy of a handful of giant transnational corporations" (17).

Finally, and what is particularly noteworthy, the third report frequently switches from vague hints at the policy of "certain developed countries" to open criticism of the current U.S. Administration. "The change of administration in the United States in 1981 has also changed the enthusiasm for a multilateral solution of global problems via the United Nations ...the United States has not only threatened to quit other organizations following its cancellation of its commitments to UNESCO but has also refused to discuss a whole number of problems of the international community." The report adduces a sorry list of such negative actions of the United States, which "in the past 7 years has not consented to the achievement of agreement in any North-South negotiations, whether these have concerned the formation of a Common Fund (18), the conclusion of new or revision of commodity agreements, the Law of the Sea Convention or a new round of global negotiations" (19).

All this reveals sufficiently convincingly the United States' "leading" role in the general hardening of the position of the West, which is to blame for the "North-South dialogue having become a monologue" merely of the developing countries. In addition, for a resuscitation of the dialogue the authors of the report call for it to begin "with those in the United States who already understand the proposed alternatives" (20). This shift of emphasis can hardly be considered fortuitous. It reflects the growing concern of realistic circles of the West at the futility of the negativist policy of diktat and discrimination not only for "North-South" relations but also for the entire system of the world economic relations of capitalism. It also reflects a certain heterogeneousness of positions within the Western bloc. Some countries therein, the small ones particularly, are displaying an aspiration to a search for constructive forms of cooperation with the "third world".

Where Is the Way Out From the Impasse?

It is perhaps permissible to put the question more pointedly: is there a way out at all? To judge from the pronouncements of the Western press exaggerating the imminent demise of the "North-South" dialogue, it might appear that it is virtually doomed. Its inevitable end was being predicted in 1980 even, when discussion about "how much life there is left in the dialogue" was fashionable. Indeed, the policy of the West, primarily of the United States, affords considerable grounds for this inasmuch as "the hard line of the Reagan administration at the Cancun summit put an end to any speculation as regards the United States supporting a rescue program for the economically destitute third world" (21). In addition, there have been claims recently that the dialogue is already dead....

But passing off the wish as reality, openly ignoring the just demands of the developing countries, will not succeed. This is understood by many people in the West also, who believe that the "main question is not whether the dialogue will continue to survive for in this form or the other it will be a part of the political picture of the world for generations to come also but of whether it can continue in a form which will stimulate negotiations for the achievement of meaningful substantial accords or whether it will degenerate into a pointless and cynical game" (22). If reactionary circles of the Western powers are putting their hopes precisely in the second alternative, they are manifestly failing to take into consideration the strength of the broad movement for equality in international economic relations, which cleaves on this score to the other opinion.

It was heard distinctly, in particular, at the Eighth Conference of Heads of State and Government of Nonaligned Countries in October 1986 in Harare (Zimbabwe). In the Economic Declaration the participants in the nonaligned movement noted "with particular regret the lack of progress in the implementation of the constructive, practical and well-balanced proposals put forward at the time of the seventh summit for a resumption of serious, effective and positive dialogue between the developed and developing countries." An extensive list was adduced here of the developing states' unrealized wishes encompassing questions of the removal of discriminatory foreign trade barriers in Western countries, stabilization of the prices of the emergent states' export commodities and an improvement in the terms of foreign financing and technology transfer.

The analysis contained in this document shows both the interconnection of the young states' economic difficulties with the growing disorders in the world capitalist economy and the considerable share of responsibility for this of the Western powers. The heads of state and government of the nonaligned countries "emphasized that the crisis of the international economic system is not only of a cyclical nature but is also a symptom of profound structural disorder.... This situation has been made worse by the myopic and egotistic macroeconomic policy of certain developed countries.... In many cases this policy has led to the burden of adaptation being transferred to the more vulnerable members of the international community, the developing countries primarily."

Although these and other complaints were formally addressed merely to "certain developed countries," it is clear that they were in fact directly addressed to the imperialist powers. The latter can be seen particularly, for example, in the criticism of a number of financial organizations, when the participants in the nonaligned movement sharply assailed "the increased pressure of certain developed countries on international currency and financial institutions, particularly the World Bank and the IMF... for the purpose of prompting them to employ an approach to the setting of terms and the granting of loans dictated by political considerations." They emphasized that for these reasons "the problem of foreign debt concerns not only the financial position of their countries but has also, as a consequence of the practice of the revision of agreements imposed by the IMF and other multilateral financial institutions, become a serious factor affecting states' sovereignty over their natural resources and economic activity."

A big place was assigned the tasks of a stimulation of international efforts to solve world economic problems, primarily the progress of global negotiations on a NIEO and the "North-South" dialogue. It was noted that for overcoming the "stalemate in international negotiations," which "remain a most important and all-embracing measure... the speediest stimulation of dialogue is essential." There was emphasis here of the "role of the United Nations as the central forum for dialogue and negotiations pertaining to problems concerning international cooperation for development purposes" and also UNCTAD, which is "the main instrument of the UN General Assembly for conducting international economic negotiations on problems of trade and development."

The nonaligned movement paid particular attention in this connection to the Seventh UNCTAD Session scheduled for July 1987, which "will afford the international community a very good opportunity to make progress in the solution of the interconnected problems of credit-money relations, finances, foreign debt, trade and development." The heads of state and government "expressed the hope that the Seventh UNCTAD Session would help the resumption of constructive, stable and fruitful negotiations between the developed and developing countries."

Such is the viewpoint of the "third world," which is largely echoed, as is clear from the W. Brandt Commission reports, by the views of realistic circles in the West, which also have an interest in the development of constructive dialogue, albeit from the standpoints of a strengthening of the world capitalist economic system and a quest for more flexible forms of integration of the economy of the young states therein. As far as the governments of the leading Western powers are concerned, however, judging by the communique of the meeting of the leaders of the "seven" in Tokyo (May 1986), they do not, as before, in fact go beyond pious wishes of assistance to the developing countries, putting the emphasis on the need for opening up the road more to foreign private capital.

So, what next, what would appear to be the future of this troublesome dialogue? In the immediate future the upcoming UNCTAD session will undoubtedly be of great significance. The development of events for the coming 4-year period will largely depend on its outcome. Such is the cycle which has now evolved not only for UNCTAD sessions but also for a number of the biggest forums of the developing countries. It is by no means fortuitous that regular meetings within the framework of the nonaligned movement and the Group of 77 conference, at which the joint foreign economic platform of the young states is formulated and their claims against imperialism and neocolonialism are shaped, have recently been timed to coincide with the start of each cycle.

Without attempting to divine the results of the Seventh UNCTAD Session, which has to tackle many, really complex and contradictory problems of world economic relations and economic development, we may even now, however, anticipate a definite stimulation of international efforts to solve these problems. After all, the start of the next decade, when the task of the formulation of the program of the next UN Development Decade outlining the basic reference points and the nature of international cooperation for the

purpose of an acceleration of the emergent states' economic development will be on the world community's agenda, is not that far off. It is to a considerable extent for this reason that such spurts of activity in the sphere of economic diplomacy are usually observed precisely at the frontier of the decades.

The fruitfulness of such efforts, however, will depend not only on the readiness of the West to address the needs of the developing countries and abandon its short-sighted, obstructionist policy but also largely on the unity of the "third world" countries in the struggle against neocolonialism and their consistency in the implementation of socioeconomic transformations and on the cohesion of all present-day progressive forces.

The recent major peace initiatives of the Soviet Union are imparting new impetus to the struggle of the progressive forces in the sphere of international economic relations also. The 15 January 1986 statement of M.S. Gorbachev, general secretary of the CPSU Central Committee, which put forward a program of the complete elimination of nuclear weapons and the concept of an all-embracing system of international security formulated by the 27th party congress, had tremendous international repercussions. This set of foreign policy initiatives emphasized the connection between disarmament and development for without a solution of the most acute problem of the present day--that of war and peace--a solution of other global problems is impossible. It is for this reason that "the principle imposed by militarism--armament instead of development--must be replaced by the reverse order of things--disarmament for development."

The economic aspects of an all-embracing system of international security provide, inter alia, for the establishment of a new world economic order guaranteeing the equal economic security of all states; the elaboration of the principles of the use for the good of the world community, the developing countries primarily, of some of the resources released as a result of a cut in military budgets; and joint quest for a just settlement of the debt problem.

In his message to the UN secretary general at the start of the new year M.S. Gorbachev confirmed that the Soviet Union supports the "just demands of the Group of 77 developing countries for the establishment of a new international economic order, including the solution of the foreign debt problem, which has not only economic but also political consequences. For our part, we propose the convening of a world economic security congress, at which everything which is aggravating world economic relations could be discussed in a complex."

While noting the innovative nature of the comprehensive concept of international economic security we should emphasize its undoubted continuity and the creative development therein of the fundamental Leninist ideas concerning the use of world economic relations for the good of peace and social progress. It has imbibed the long experience of the consistent struggle of the Soviet Union and the entire socialist community for a democratic restructuring of international economic relations, reflecting both the specifics of contemporary conditions and the new political thinking, new understanding of the historical prospects of world development and the need for great dynamism to be imparted to this struggle. This concept corresponds

to the urgent tasks of a recovery of the very climate of economic cooperation and, what is particularly important in the context of "North-South" problems, is manifestly in keeping with the cherished aspirations of the developing states.

It is difficult as yet to foresee all the specific components of the future system of international economic security inasmuch as it will take shape in a difficult struggle against the forces of imperialism and neocolonialism and the counteraction of international monopoly capital. However, the viability and attractiveness of the concept of such a system representing a genuinely democratic alternative to the old "order" of international economic intercourse and oriented toward a radical restructuring of world economic relations on a just democratic basis in the name of the social and economic progress of all peoples and the strengthening of the material base of peaceful coexistence are perfectly apparent even now.

FOOTNOTES

1. "A New International Economic Order. Selected Documents 1945-1975," vol I, New York, 1976, p 6.
2. "Partners in Development. Report of the Commission on International Development," New York, 1969, pp 127-128.
3. Ibid., p 16.
4. "Trade Strategies for Rich and Poor Nations". Edited by H.G. Johnson, London, 1971, p 21.
5. "A Turning Point in North-South Economic Relations. Triangle Papers: 3. Trilateral Commission: Task Force Reports: 1-7," New York, 1977, p 69.
6. E. Schumacher, "Neue internationale Ordnung. Krise oder Chance," Duesseldorf, 1976, p 33.
7. See MEMO No 10, 1980, pp 44-56.
8. "North-South: A Programme for Survival. The Report of the Independent Commission on International Development Issues under the Chairmanship of Willy Brandt," London, 1980, p 65.
9. Ibid., pp 66-67.
10. Ibid., p 64.
11. Ibid., p 264.
12. "Common Crisis North-South: Cooperation for World Recovery. The Brandt Commission," London, 1983, p 4.
13. Ibid., p 11.

14. Ibid., p 27.
15. Ibid., pp 139, 141, 149.
16. "Global Challenge. From Crisis to Cooperation. Breaking the North-South Stalemate," London, 1985, p 25.
17. Ibid., pp 17-18, 22.
18. A proposal advanced within the UNCTAD framework concerning the creation of a special fund for financing international commodity agreements.
19. Ibid., pp 34-35, 203, 176.
20. Ibid., pp 39, 177.
21. Clive Archer, "International Organizations," London, 1983, p 139.
22. JOURNAL OF INTERNATIONAL AFFAIRS, Spring/Summer 1980, pp 1-2.

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"Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1987

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MOSCOW CONFERENCE ON GENERAL CRISIS OF CAPITALISM

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 6, Jun 87 (signed to press 18 May 87) pp 66-81

[M. Belyayev, I. Filatochev report: "Present-Day Features of the General Crisis of Capitalism"]

[Text] The scientific-theoretical conference "Present-Day Features of the General Crisis of Capitalism" was held in Moscow in mid-March. Prominent scholars, public figures and politicians from socialist, capitalist and developing countries participated.

The main papers were delivered at the plenary session. They were further discussed in three panels: "Economic and Sociopolitical Problems of Present-Day Capitalism," "Imperialism and Present-Day International Development" and "Imperialism, Neocolonialism and the Anti-Imperialist Struggle of the Developing Countries" (1).

The conference was opened by Academician Ye.M. Primakov, director of the USSR Academy of Sciences World Economy and International Relations Institute.

Opening remarks were delivered by Academician P.N. Fedoseyev, vice president of the USSR Academy of Sciences.

This theoretical conference is devoted to a most important problem in the study of present-day capitalism--that of the general crisis of capitalism--Academician P.N. Fedoseyev said. The theory of the general crisis of capitalism is an integral part of Lenin's teaching on imperialism. V.I. Lenin showed that imperialism is the highest phase of capitalism and at the same time the decline of the capitalist social formation. It is imperialism which prepares the conditions in which develops, according to V.I. Lenin, "the world revolutionary crisis," which, however long and difficult the peripetias it undergoes, cannot end other than in proletarian revolution and its victory (2).

It is this approach, the speaker emphasized, which was made the basis of the

concept of the three stages of the general crisis of capitalism, which was formulated by creative Marxist-Leninist thought and retains its significance in full today also.

The general crisis of capitalism is not a serious but passing ailment but the long process of the dying of the capitalist system. The crisis has affected the entire world capitalist system, its basis and superstructure and all spheres of the life of bourgeois society: economic, social, political, cultural and moral.

The initial premise of an analysis of the singularities of the general crisis of capitalism at the current stage is primarily the narrowing of the sphere of domination of imperialism as the result of the creation of the system of socialist states and the collapse of the colonial empires.

In view of this, a comprehensive analysis of the general crisis cannot be confined to the framework of the capitalist world. It has to take into consideration in full the impact of world socialism and all revolutionary-liberation forces and movements on the trends and phenomena developing within capitalism and take account of the changing picture of international political and economic relations.

Contradictions are intensifying and crisis phenomena are increasing within the capitalist system. The general crisis by no means signifies a continuous weakening from year to year of the system departing the historical stage. The crisis develops and intensifies unevenly in the highest degree. Nor does its present stage entail the absolute stagnation of capitalism. The leading industrial capitalist countries have at their disposal powerful economic, S&T and intellectual potential, a developed machinery of production, skilled manpower and vast natural resources. Attempting to adapt to the changed historical situation, capitalism is maneuvering constantly, in the sphere of social relations included, and endeavoring to put at its service the latest achievements of science and technology.

As a result fundamentally new phenomena and contradictions have emerged and developed in the capitalist economy and an unprecedented situation has taken shape. Here are just a few of its features. The high growth rate of the progressive science-intensive sectors of production--the vectors of S&T progress at its new stage--and simultaneously a sharp deceleration of the overall rate of economic development given the tremendous underutilization of manpower and fixed capital. The continuing process of the monopolization of capital and the stimulation of small and medium-sized business, which has become more efficient at the current stage of the S&T revolution.

In one of the first places in the category of the new processes developing in the capitalist world is the sharp acceleration of the internationalization and cosmopolitanization of capital and the formation of transnational capital and a transnational oligarchy.

In this connection arguments have appeared to the effect that currently state-monopoly capitalism has acquired or is acquiring transnational form and growing into a new phase of international state-monopoly capitalism. Yet

transnational capital does not preclude but, on the contrary, exacerbates and intensifies the interimperialist competitive struggle in all its forms and manifestations. The shaking of American leadership and the trend toward intensified polycentrism in the world capitalist system testify graphically to the impracticability of the prospects of the formation of a "single worldwide trust".

The crisis phenomena in the economy are closely connected with the rightwing conservative and authoritarian trends in the policy of the imperialist states, primarily the United States. From-a-position-of-strength policy, confrontational policy in respect of the socialist countries, the intensification of militarist trends, the deliberate exacerbation of regional conflicts, pursuit of the "neoglobalism" doctrine--this is a far from complete list of facts corroborating this proposition.

A large range of problems is connected with the role of militarism in contemporary bourgeois society and in the system of international relations. The militarization of all aspects of social life--economics, politics, ideology--has grown sharply. In this connection, the speaker observed, the inevitable question is: to what extent is militarism immanent to present-day capitalist society? Can the process of militarization of the economy in bourgeois society be reversed, could a winding down of the military-industrial complex occur? Scholars' opinions differ.

This question, P.N.N. Fedoseyev emphasized, requires serious comprehensive study, specifically, an evaluation of the relative significance of militarism as an "economic factor," the degree of involvement of certain strata of the working people in the sphere of interests of the military-industrial complex and the social significance of militarism as a repressive force against the liberation movements and as an instrument in the struggle for world hegemony.

Besides the immediate purpose of an increase in military potential, the arms race imposed by imperialism pursues, as is becoming increasingly obvious, other goals also. Our political and ideological adversaries wish via various channels to impose on us an arms race of as big a scale as possible, ruin us economically, compromise the social aims of socialism and thereby change the correlation of forces to their advantage. There arises in this connection the extraordinarily crucial task of distinguishing what the United States and its closest allies are doing to confuse us and drag us into ruinous competition with an economically stronger enemy from what truly represents a danger.

Scientific discussion of the current features of the general crisis of capitalism at the conference will make it possible to clarify our ideas concerning the prospects of the further socioeconomic development of the capitalist countries and the possible alignment of class forces in the coming period and the new conditions of the class struggle and democratic movements.

We are living at a time when it is very important for our people, like the peoples of the countries of the socialist community, to know what is happening beyond our countries' borders, primarily in the zone of imperialism, Academician B.N. Ponomarev said.

The best and most effective tool in our hands should be facts. We must, B.N. Ponomarev emphasized, illustrate the actual state of affairs in the imperialist camp and investigate the present singularities of the general crisis of capitalism. Attention is customarily paid to economic processes. It is advisable to pose the question more broadly: to study not only the basis but also the superstructure and the entire complex of present-day capitalist society.

In the sphere of international relations, the speaker observed, the general crisis of capitalism is inseparably connected with wars and armed clashes between different states. The United States is endeavoring to take advantage of local conflicts to establish or strengthen its domination in different parts of the world. The growth of militarism under the conditions of the general crisis of capitalism is most closely connected with military, aggressive actions. The race in arms, nuclear included, and the colossal military appropriations are testimony to the general crisis. The military-industrial complexes have since WWII become a new manifestation of militarism. They have acquired the greatest power and proportions in the United States.

Economic crises are a constant attendant of the capitalist system. Bourgeois scholars and politicians and reformists of various persuasions have proposed dozens of prescriptions of deliverance from the "crisis disease". But they have all failed. Failed because the main cause of the crises--the contradiction between the social nature of production and the private capitalist form of appropriation of its results--has not been eradicated.

Endeavoring to spare the economy crises, recessions and other upheavals characteristic of it, the ruling upper stratum has tried to use the state and the machinery of state, which it in fact controls. Capitalism has developed into state-monopoly capitalism. But this has not led to a stabilization of the economy and the removal of crises and not altered the nature of the capitalist system.

A most striking indicator of the general crisis of capitalism is, as the speaker observed, the nature of the use of the results of the S&T revolution. It serves not the goals of alleviating the labor and life of the people's masses but is turned against their interests. Imperialism is using the great discoveries primarily to create means of people's annihilation.

Further, the structural changes which have occurred in the economy under the influence of the S&T revolution have led to a crisis and slump in many traditional sectors, whose workers have swollen the ranks of the unemployed.

The problem of sales hangs like a Damocles' sword over the monopoly bosses at a time of S&T progress also. It becomes even more acute here: the increase in the commodity volume is now coming up against the increasingly limited purchasing power of the population.

Foreign and domestic national debts, budget deficits for even the wealthiest capitalist states and leaps in the correlation of currency exchange rates, primarily of the dollar and the remaining currencies, have in recent years been a new phenomenon in the capitalist economy, the speaker observed. The

huge debt of the developing states to the big capitalist countries has become a serious problem. This situation is being used by imperialism for political pressure on the young national states.

An inalienable characteristic of the capitalist economy now also is monopoly competition, which at times assumes very acute forms. A keen struggle is being conducted among the three centers of imperialism--the United States, West Europe and Japan. Sometimes one side, sometimes another gains the ascendancy, but the essence remains the same--the contradictions between them are intensifying and competition between capitalist countries continues. The unevenness of the development of capitalist states is increasing.

The collapse of imperialism's colonial system led to the formation of dozens of young states in Asia, Africa and the Pacific. They gained independence, and many of them opted for a socialist development path, others, while not having as yet embarked on this path, are stubbornly resisting diktat and exploitation on the part of the imperialist states. However, the imperialist states are still pumping tremendous resources out of their former colonial possessions. At the same time the voice of developing countries opposed to the predatory policy of the former metropolises and their gamble on an arms race and aggression is being heard increasingly strongly in international relations.

The ecological, raw material, financial and energy crises are also a manifestation of the exacerbation of the general crisis of capitalism.

Crime and drug addiction have become serious domestic problems of the capitalist countries. Moral values are being replaced by the preaching of violence, egotism and chauvinism. The Mafia--organized crime linked with the ruling circles--has become deeply rooted.

"Reaction all along the line" is intensifying and a move to the right in the policy of capitalist states is occurring under the conditions of the general crisis of capitalism. This is confirmed graphically by the repression of the defenders of the working people's interests--the worker and communist movement and the progressive forces as a whole. The notorious call for a "crusade against communism" is the embodiment of this policy.

The advantages of socialism show through particularly strongly in the light of the serious consequences which the general crisis of capitalism has entailed and continues to entail for the working people and the broad people's masses in this zone of the world, B.N. Ponomarev observed.

The place of imperialism in the modern world, Academician Ye.M. Primakov observed in his speech, is determined mainly by two processes: first, the change in the correlation of class forces, which was initiated by the Great October socialist revolution and, second, internal changes in capitalist society, which are also occurring to a considerable extent as a result of the competition and cooperation of the two opposite systems.

The five main characteristics of imperialism formulated by V.I. Lenin reflected with the utmost scientific precision the directions of development contained in the very mechanism of reproduction of the system when capitalism

represented a uniform and all-embracing system. Lenin's criteria of imperialism continue to retain methodological significance today also. However, at that time capitalism experienced virtually no outside influence. An analysis of present-day capitalism, however, is impossible without study of the outside environment in which it develops. World socialism is exerting an undoubted and very appreciable influence on the world as a whole and, naturally, on the processes occurring in its capitalist part. Ye.M. Primakov distinguished the main directions and simultaneously the results of this influence: capitalism's loss of such a most important feature as universal range and changes in the mechanics of the self-development of the capitalist system as a result of the elimination of the colonial and semicolonial functions of the capitalist periphery; the growth of the struggle of the working people of the capitalist countries under the leadership of the communist and workers parties, which is to a certain extent limiting possibilities of their exploitation and engendering the need for new forms thereof to be found; a new alignment of forces, whereby the development of interimperialist contradictions does not carry the threat of a fatal development into world wars; a general narrowing of the field of application of imperialist force as a consequence of the establishment of military-strategic balance between the USSR and the United States and the Warsaw Pact and NATO and also the general moral-ethical situation in the world, which is changing in an anti-imperialist direction.

The speaker dwelt on the question of how and by what channels world socialism has exerted and continues to exert its influence on the course of historical development.

The influence of world socialism began and continues to be manifested under the conditions of the division of the world into two opposite social and political systems, but all this is occurring precisely because this division has not led to the elimination of the unity of the world. The 27th CPSU Congress paid considerable attention to this aspect of the matter, largely rectifying the theoretical distortion concerning the "unity and struggle of opposites" formula, when its first part was, if not ignored, manifestly underestimated by Soviet social scientists. Yet without a clear understanding of the dialectics of the unity and struggle of opposites viewed as the mechanism of historical development the mistaken conclusion that socialism exerts and will continue to exert an influence on the world as a whole, including its capitalist part, only via a confrontation with capitalism could be drawn.

Meanwhile the ideological and political confrontation is organically combined not only with cooperation with countries which are a part of the capitalist system but also with a growth of the interconnection and interdependence of the one world.

Ye.M. Primakov dwelt on a detailed description of the changes in present-day capitalism under the influence of world socialism and the S&T revolution. The concentration of production and capital and the formation on the basis thereof of monopolies remain the main feature characterizing contemporary capitalism. At the same time monopolization is not leading to a winding down of the competitive struggle. The two opposite trends are developing simultaneously

and separately, the speaker emphasized. The continuing competition is affording scope for the development of the productive forces and stimulating application of the results of S&T progress. This should not be forgotten, although under capitalism S&T progress is also fraught with the danger of many serious negative consequences. The process of the internationalization of production and capital has also undergone considerable changes under the new conditions: the creation and functioning of transnational capital have prevailed. It is in this form that the monopolies and the export of capital are developing.

It is important to mention here, Ye.M. Primakov said, that the transnational companies and banks represent a phenomenon which has not abolished the national form of the organization of capital.

It is too early, evidently, to speak with reference to transnational capital of such a characteristic of the highest phase of capitalism as the formation of finance capital. It exists on the basis of national state-monopoly capitalisms and has not yet taken shape on the transnational level.

Two other of Lenin's characteristics of imperialism--the economic parceling out of the world among the monopolies and its political division between the great powers--have also been further developed in the new forms of the internationalization of capital--the transnational corporations and transnational banks. The initial economic division of the world took place at the start of the century. Now, perhaps, it is possible to speak rather of new forms of the economic division of the world based on transnational capital. The subjects of this division--transnational corporations--are different also. This cannot fail to impart to the process new features, which should be studied carefully.

As far as the political division of the world is concerned, at the present time this trend is not manifested in pure form. This was the case in the era of the existence of colonial empires. Compared with the initial stage of the imperialist phase, the significance of the connection between the economic and political divisions of the world is growing sharply. This connection is becoming organic not only in terms of functional characteristics but also as a result of the fusion of the subjects of the economic and political divisions--the monopolies and the imperialist states. Various aspects of this process occurring on a transnational basis also await investigation.

Changes in the characteristics of present-day capitalism are also reflected in our ideas concerning its general crisis, Ye.M. Primakov observed.

Marxist-Leninist thought advanced a proposition concerning a period which began following the victory of the Great October in the course of which the antagonisms of the final phase of capitalism--imperialism--intensify. There is no doubt that both the creation of the world socialist system and the collapse of the colonial system were landmarks in the development of the general crisis of capitalism. At the same time, however, the idea of strictly outlined stages of the general crisis consistently replacing one another and viewed as a mechanical approach toward the boundary denoting the collapse of the capitalist system is hardly justified.

A particularly negative influence was exerted in this connection by the theoretical underestimation of and, at times, complete disregard for the problem of the development of production relations under capitalism. Attention was paid merely to the fact that they do not in general correspond to the nature of the productive forces and exert a decelerating influence. The most important process of the intraformational development of production relations was left out of the picture, which was expressed in a whole number of cases in the adaptation of the economic mechanism of present-day capitalism to the course of development of the S&T revolution.

The general crisis of capitalism may be spoken of, in V.I. Lenin's figurative expression, as the increasingly wide opening of the windows of present-day capitalism from which socialism looks at us, in other words, as the growth of contradictions, which increasingly lead to the self-denial of capitalism. The point being that attempts to solve its old contradictions do not blunt the contradictoriness of development as such. In addition, new contradictions are manifested which in a whole number of cases intensify the antagonism of capitalist society.

The speaker distinguished the new features characterizing the contradictions of present-day capitalism: between labor and capital and between the center and the periphery of the world capitalist economy.

Differentiation is occurring in the developing world. New industrial centers are appearing which are beginning in a number of cases to compete even in terms of individual types of products with the developed capitalist countries. But, on the other hand, there is the separation and growing economic lagging of the poorest emergent countries also.

The "horizontal" development of capitalism and its extension to the periphery of the world capitalist economy are engendering a number of most serious contradictions. Of course, the possibility of a socialist orientation is not, obviously, in itself a guarantee of a halt to the "horizontal" growth of present-day capitalism. But this does not in the least invalidate the idea of a socialist orientation as a practicable model of social development for countries with an undeveloped capitalist structure.

The main manifestation of the decline of capitalism as a social system, Ye.M. Primakov pointed out, is that by its development it has engendered and continues to engender the greatest danger for all civilization.

He observed in this connection that the answer to the question of whether the militarization of the economy and policy is immanent to capitalism is obviously a dual one. The genesis of militarism is without any doubt connected with the process of the development of capitalist society. At the same time this conclusion has nothing in common with the assertion that capitalism organically cannot exist without militarism.

A number of West European states with a high degree of development of state-monopoly capitalism has not embarked on the path of militarization. Japan's economic successes are largely connected with the curbing of the trend toward

the country's militarization.

Nor can the reversibility of the militarization of the economy even in the capitalist countries where its development has gone quite far be precluded.

The speaker emphasized once again that the intensification of interimperialist contradictions does not now signify the inevitability of wars. Following the creation of the world socialist system a fundamentally new correlation of forces has taken shape in the world, a singularity of which has been expressed in the strengthening of centripetal military-political trends in world capitalism (given, naturally, the preservation and development of interimperialist contradictions) for the purpose of countering world socialism. The centripetal trend is to a certain extent based also on the creation and development of transnational capital.

The question of correlation of the interests of social development on the one hand and class interests on the other arises anew also. V.I. Lenin put the interests of the development of society as a whole above the interests of the working class. But it is a question not only of a hierarchy of these interests, the speaker observed. It should primarily be a question of their interweaving and mutual dependence. The highest class mission of socialism is accomplishment of the main general task--preservation of peace on earth.

The means of its accomplishment is the formulation and introduction of the new political thinking designed to be determining in relations between states belonging to the two opposite social and political systems. A certain evolution may be observed in this connection in the development of the concept of peaceful coexistence.

The idea of peaceful coexistence belongs to V.I. Lenin. At the same time the struggle for peaceful coexistence was until WWII practically a struggle for a breathing space by virtue of factors independent of the first country of victorious socialism. In order to prolong it and prepare accordingly to repulse aggression, which with every reason was regarded at that time as being inevitable, the struggle for peaceful coexistence incorporated as a principal component the growth of the USSR's defense potential.

At the present time, under the conditions of the military-strategic parity between the USSR and the United States, peaceful coexistence may be secured mainly by political means. Security cannot be based on measures leading to military supremacy over the other side. Life advances the demand for equal security, and this is at the basis of the concept of all-embracing, general security.

The paper of Doctor of Philosophical Sciences V.V. Zagladin was devoted to problems of the democratic movements and the workers movement in capitalist countries. This vast subject, the speaker emphasized, is, as a rule, studied separately from the contradictions of world development. Methodologically this is unwarranted since ultimately both the workers movement and all democratic movements are nothing other than the reflection in the sociopolitical sphere of the objective contradictions which arise in the course of the development of present-day society and which determine the intensification of the general

crisis of capitalism and social progress.

The 27th CPSU Congress analyzed four groups of contradictions of world development. This analysis, V.V. Zagladin observed, should also form the basis of our reflections on the worker and democratic movements.

Class and interclass contradictions are divided in the congress' documents into two groups--the main contradiction of our era, that is, the contradiction between socialism and capitalism, determining the principal route of contemporary social progress, and the contradiction between the bourgeoisie and the proletariat in the capitalist world forming the basis of the development of the workers movement. There are others also: for example, contradictions in countries with a less high level of socioeconomic development expressing the essence of relations between precapitalist exploiter classes and the peasantry.

The most acute intraclass contradictions are interimperialist contradictions. There are contradictions within the working class also. They need to be thoroughly analyzed inasmuch as they influence appreciably the evolution of the workers movement. Relations between different groups of the bourgeoisie of each country are dissimilar also.

Contradictions between the developed capitalist and emergent countries, which are a continuation of the old contradiction between the metropolises and the colonies, are of a democratic nature. Also among these is the contradiction discovered by V.I. Lenin between the monopolies and the people, which expresses the relations of monopoly capital's exploitation of the overwhelming mass of the population. The specifics and nature of such contradictions must be the subject of careful study, the speaker emphasized. We should not lose sight of the fact that in capitalist countries with a multinational population there are contradictions between individual national groups and local workers and immigrants. Contradictions of a democratic nature are very diverse. And practically each of them engenders this social movement or the other.

There are, finally, contradictions of a general nature. The main one pertains to the question of war and peace: a small handful of imperialist "hawks" is counterposed to the overwhelming majority of the world population. It affords an opportunity for the formation of the broadest social coalition in history--for the survival of mankind.

Contradictions connected with the problem of development are of a different nature and have different consequences. Finally, such problems as the ecological and energy problems are engendering social movements of a varying nature and highly diverse, often contradictory, content.

The complexity of the system of contradictions of world development has given rise to an unprecedented diversity of social movements of the present-day world. For a correct understanding of the new opportunities of the contemporary democratic movements and the workers movement and the possibilities of social progress generally an in-depth study of the question of the interaction of various contradictions of the present stage of world development and the consequences of this interaction for the struggle for

social progress is necessary primarily.

Such a study presupposes first of all elucidation of the main contradiction of the era (socialism--capitalism) and the priority contradiction of our day--the antagonism between war and peace. The fate of mankind and, ultimately, the solution of the main contradiction also depend on the solution of the latter.

On the other hand, the progress of socialism, its consolidation and the course of our reconstruction are creating and will create an increasingly reliable base for peace's victory over war. Consequently, the two contradictions interact here.

Understandably, making the war-peace contradiction the priority contradiction influences appreciably the movement of democratic and other general contradictions.

This entire set of questions needs to be further elaborated in both the socio-theoretical plane and on the basis of actual material. However, one conclusion suggests itself even given a relatively general view of the state of affairs. The interconnection and interaction of all contradictions of world development, given the priority significance of the war-peace contradiction, signify nothing other than the emergence of a fundamentally new historical situation.

The justified conclusion concerning the rapprochement of the struggle for democracy and the struggle for socialism was drawn in the past. Today we have a right to maintain that the struggle for peace, as for the accomplishment of other general tasks also, is converging with the struggle for both socialism and democracy.

A unique opportunity is opening up in the political plane for the creation of broad coalitions which will involve in the struggle for peace the absolute majority of the population of our world. Ultimately this will secure the conditions for social progress.

When studying the development of the democratic movements and the workers movement it is important to also take into consideration its definite interconnection with the evolution of interimperialist contradictions.

There are here, strictly speaking, two aspects of the problem. The first is how interimperialist contradictions influence other contradictions and thereby the development of the democratic movements and the workers movement. The other is how the worker and democratic movements use the interimperialist contradictions in their own interests.

The speech analyzed the group of contradictions between imperialism and the developing countries.

The speaker observed, in particular, that the debt problem is today imparting particular seriousness to relations between the bourgeoisie of the developed and developing countries. And, furthermore, the growing debt, while undoubtedly striking at the interests of local capital, is simultaneously

lying as a most heavy burden also on the entire population and all working people of the developing countries. It is thereby tying in a single knot, as it were, contradictions of differing content. Strong explosive material is contained here. Yet the workers movement and democratic forces of the developing countries have yet to have thought out a sufficiently substantiated and, even less, coordinated strategy in this field. Use of the interimperialist contradictions, the speaker stressed, is an important component of the struggle against imperialism in the class, democratic and general planes. Imperialism, for its part, treats the contradictions in the camp of its enemies very seriously. And I would like to put here the question: is it not the case as yet that imperialism is making far more active use of the contradictions within the worker, liberation movement than the forces of social progress are taking advantage of interimperialist contradictions?

A paper on some aspects of the socioeconomic position of the working people in the developed capitalist countries under the conditions of the general crisis of capitalism was presented by Doctor of Economic Sciences A.I. Belchuk, deputy director of the USSR Academy of Sciences World Workers Movement Institute.

The profound crisis processes in the economy of capitalism in the 1970's-1980's, the speaker observed, have changed the trends characteristic of the preceding period. The bourgeoisie has attempted to transfer the brunt of the economic upheavals onto the working people, and it may be maintained that it has succeeded to a considerable extent.

A lessening of the interdependence of the state of economic conditions and the socioeconomic position of the working people may be considered a feature of the past 15 years. It has corresponded to a lesser extent than usual to fluctuations of the economic cycle.

In the preceding decade the overall numbers of unemployed in the zone of developed capitalism doubled and stabilized at the 30-31 million level (9-11 percent of the gainfully employed population). Appreciable changes in the nature and structure of unemployment have been brought about by technological changes in the economy, and static unemployment is growing. Employment in manufacturing industry has declined. A new feature in structural unemployment has been its spread to a number of service sectors and to certain scientific and engineering specialties even. The problem of finding work for the youth and women has become particularly serious in the capitalist countries.

Appreciable changes are occurring in the structure of the employed population. A transfer of manpower into the technically progressive, science-intensive sectors and industries has been characteristic of the 1970's and 1980's.

The new stage of the S&T revolution has brought about changes in the occupational structure of the employed population, and a decline in the proportion of the general occupations even in the sectors which have not suffered from the technological restructuring has been observed, furthermore. There has been an increased need for workmen with high vocational training for servicing the modern production automation facilities, electronic calculating machinery and computers and tuning complex systems.

The policy of "social disengagement" has been an important reason for the general deterioration in the socioeconomic position of the working people in the developed capitalist countries. A strict policy of limiting or eliminating the working people's former gains and reducing or freezing social payments has come to be pursued instead of the policy of individual concessions to the working class which was pursued earlier. Governments and employers are aiming at a weakening of the role of the unions at the national and sectoral levels.

The correlation between the growth of the cost of living and nominal wage dynamics changed in the 1970's and, particularly, in the 1980's. Whereas in the 1950's and 1960's the increase in the nominal wage outpaced the consumer price index, in the 1970's-1980's this lead has been reduced to almost nothing, and the opposite trends have been observed in a number of countries.

There has been a sharp growth in capitalist society in the army of the needy, a phenomenon which has come to be called the "new poor" has begun to develop and considerably more people are now living below the official "poverty line".

The stratification of the working class into well-paid, educated and skilled workers--predominantly in the technically progressive and science-intensive sectors; masses of wage workers with moderate earnings; and a growing stratum of social lower classes--people with few skills, "marginals," foreign workers, the unemployed and so forth--has intensified.

A.I. Belchuk analyzed in detail the change in the position of the working people in capitalist countries from a historical angle. The 1930's and the 1970's-1980's are of particular interest in this respect, the speaker believed, inasmuch as they are not connected with military upheavals and social factors appear in "pure form". Both periods have a number of important features in common: severe economic crises and a change in the correlation of forces in favor of the bourgeoisie. This determined, as a whole, unfavorable trends in the sphere of the socioeconomic position of the working people. And not so much economic difficulties as the alignment of class forces have been the reason for them in the 1980's, what is more, the speaker emphasized.

These periods have seen an undoubted exacerbation of the general crisis of capitalism, although the balance of forces has shifted in favor of the bourgeoisie. But this does not contradict the concept of the exacerbation of the general crisis of capitalism at its different historical stages inasmuch as it proceeds primarily from the global correlation of forces between capitalism and socialism.

The speaker touched on a range of issues concerning the criteria of the position of the working people in nonsocialist countries.

Social tension, A.I. Belchuk emphasized, arises as a consequence of the discrepancy between the claims of the people's masses and what they actually receive. The current situation is perceived by people as social injustice. Marxist scholars have analyzed predominantly one aspect of the problem (what the working people "receive"). The question of the formation of the level of social claims of the masses has remained beyond the attention span. However,

this sphere has its regularities. The social claims of the working people take shape under the influence of such processes as a rise in the level of education, changes in the structure of society and the development of culture, changes in lifestyle and the "demonstration effect" upon a comparison of their life with the life of people in other countries or more prosperous strata in their own. These processes influence the mass consciousness and social mentality of the working people and, correspondingly, their social behavior no less than the income level.

The speaker observed that it is not entirely correct to judge the seriousness of the internal contradictions of capitalism at the present stage of its development only in terms of the scale of the working people's open protests in the struggle against capital, in terms of the sweep of the strike movement, for example.

Under current conditions social protest as an outward manifestation of inner social contradictions is increasingly assuming specific forms. The growth of mass democratic movements--antiwar, ecological, youth, women's--with their frequently very radical programs and assertive action (including such a distorted form of protest as terrorism even) is now supplementing and changing the traditional picture of the working people's social and class struggle.

And this is undoubtedly a form of manifestation of and incontrovertible testimony to the exacerbation of the general crisis of capitalism.

In his speech "Why We Exclude the Definition 'General Crisis of Capitalism'" M. Udo, associate of the Department for the Study of Contemporary Capitalism of the Japanese Communist Party Central Committee Social Problems Institute, set forth the Japanese CP's position on this theoretical question.

He reported that the proposition concerning the general crisis of capitalism had been excluded from the party program at the 17th Japanese CP Congress (1985). This definition, M. Udo recalled, was officially adopted at the Sixth Comintern Congress in 1928. The Japanese CP Program drawn up in 1961 included the proposition concerning the general crisis, which was being applied extensively in the world communist movement. Abandonment of the proposition at the present moment, M. Udo said, reflects the development of the analysis of the actual processes occurring in contemporary capitalist society. The opinion that retention of the definition prevents us overcoming the weakpoints of outdated concepts of scientific socialism prevailed in the Japanese CP.

The theory of the "general crisis," the speaker continued, is based on the idea that the existence of socialism in itself has a positive impact on the development of the revolutionary movement in capitalist countries, but relations between socialist and capitalist countries are considerably more complex. Undoubtedly, the Japanese CP values highly the role of the socialist states, which, utilizing institutional advantages, have in the last 70 years scored considerable successes and made a big contribution to world development as a whole. We always emphasize these propositions in propaganda work concerning the future and the role of socialism therein, M. Udo noted, endeavoring to ensure that the Japanese people know about them.

At the same time, he continued, it would seem that the socialist countries are not making full use of the advantages of socialism. It is essential to pay particular attention to the mistakes connected, as the speaker put it, with the chauvinism and hegemonism of big powers causing deviations from the principles of scientific socialism. I.V. Stalin spoke of a united and strong socialist camp to prove the theory of the "general crisis". However, historical development has shown that the socialist camp may be split; border conflicts between socialist countries have arisen, and the armed clashes in Asia may be termed wars. These conflicts are causing definite harm to the world community's faith in socialism.

Deviations from the principles of scientific socialism in relations between socialist and capitalist countries represent another problem, M. Udo believes. For example, since the 1970's the diplomacy of one socialist country in respect of Japan has gone as far as to extol the Nakasone cabinet--the most reactionary government of Japan of postwar years (Japanese communists are concerned that such not be repeated in respect of other imperialist states also). Such precedents create a distorted idea of socialism and impede the development of the revolutionary movement.

In addition, the decisions (sic) of the 17th Japanese CP Congress to exclude the "general crisis" concept from party documents was a consequence of an analysis of the main contradictions of the current era and an evaluation of socioeconomic development in Japan and the remainder of the capitalist world. Our understanding of the modern era, the speaker observed, is analogous to that at which V.I. Lenin arrived: imperialism is on the eve of socialist proletarian revolution. However, this definition points only to the general direction of the development of world history. It is far from the viewpoint according to which "the collapse of capitalism is imminent" or that the increasing economic contradictions will lead directly to an exacerbation of the political crisis. It is essential to see the crisis of capitalism in an inseparable connection with the law of the development of internal contradictions in this specific country or the other and to consider that the driving forces of revolution subjectively depend on the power of the corresponding revolutionary classes.

The speaker dwelt on the main characteristic features of the development of capitalism at the present stage. The capitalist world has periodically encountered serious difficulties in the course of the evolution of its economic system. It was shaken by the formation and development of the world socialist camp, the collapse of the colonial system and serious structural changes in the capitalist economy of the 1970's. However, these events do not in themselves lead to revolutionary transformations.

At the present time U.S. imperialism is growing relatively weaker economically as a consequence of the accelerated development of the two other power centers of present-day capitalism. The contradictions in trade between Japan and the United States have constituted the essence of the main political and economic problems occurring between them. When these contradictions have become particularly intense, efforts have been made to "solve" them thanks to concessions on the part of Japan, that is, at the expense of the Japanese people.

Concerning the postwar development of the Japanese economy, M. Udo pointed to its unusual nature. A most important singularity thereof is the fact that the growth of militarist spending has been curbed appreciably under the influence of public opinion and as a result of the struggle of the Japanese people and the efforts of the Communist Party.

Following the defeat in WWII, Japan was practically completely occupied by the United States. In accordance with the treaty signed in San Francisco and the Japanese-American "Security Treaty," over 100 military bases and facilities, at which almost 50,000 American servicemen were stationed, were located in the country. Japanese sovereignty does not extend to these territories, and even the right of command is practically the province of the United States, that is, a mechanism for the automatic involvement of Japan in armed actions which might be unleashed by the United States has been created. The military subordination brought about economic dependence also.

Under the conditions of the rapid accumulation and concentration of capital, the formation of TNC and the rise in the yen's exchange rate Japanese monopoly capital expanded foreign capital investments, accelerating Japan's "de-industrialization". These capital investments are located mainly in the United States and the Southeast Asian countries which are linked to the United States by military treaties.

Having made the decision to associate itself with the SDI, exceeded the 1-percent ceiling on military spending and having accelerated the militarization of the economy, the country's government has tied itself even more firmly to the system of the United States' nuclear strategy. These steps have lain as a heavy burden on the Japanese people and intensified the contradictions between Y. Nakasone's Liberal-Democratic Party and the people.

Touching on the main factors of the revolutionary process, the speaker emphasized that the decisive factor among them is a broadening of the subjective opportunities for a strengthening of the revolutionary forces. The people of the country are facing a new wave of reactionary attacks brought about by the consolidation of the Japanese-American military alliance, the revival and intensification of Japanese militarism and imperialism and also the increased role of Japanese monopoly capital within the country and overseas.

As far as the subjective factor in the struggle against such reactionary attacks is concerned, within the framework of the workers movement the Trade Union Conference for a United Front ([Dzenroke]) has become almost a 2 million-strong organization fighting for the rights of the working people and the creation of a national center adhering to class positions. The Council for the Unity of Progressive Forces has been organized also. The organizations united in the council, M. Udo said, represent more than 4 million persons, forming a strong movement of Japan's progressive forces.

In conclusion M. Udo emphasized particularly that the most serious danger looming over mankind is the threat of nuclear war and that the cohesion of all peace-loving forces in the struggle for peace is essential.

Problems of the mutual relations of the struggle for peace and the struggle for social progress were the main topic of the paper of O. Rheingold, rector of the SED Central Committee Academy of Social Sciences.

Inasmuch as nuclear war would mean an end to human civilization, the preservation and strengthening of lasting peace has become the most important problem of mankind. Proceeding from this proposition, the CPSU, SED and other Marxist-Leninist parties have drawn a number of conclusions which are fundamental for the theory and practice of international relations.

Peace may be secured not by an increase in militarism and not by confrontation but by mutual understanding. In order that mankind may survive, war must be excluded from the arsenal of instruments of policy.

The struggle to secure peace by no means removes the contradictions between capital and labor, between the main class interests of the bourgeoisie and the proletariat. Nor does it change the nature of our era as that of the transition from capitalism to socialism. Nonetheless, it would be unrealistic to believe that the new conditions and requirements exert not the least influence on clash confrontations. The struggle for peace and the struggle for social progress are closely interconnected. It can hardly be denied that the imperialist arms race has long been reflected in the social position and conditions of the struggle of the working people of capitalist countries, is intensifying crisis phenomena, increasing the instability of the economy and extending social contradictions. It is now also clear that it is contributing to the mass unemployment in the capitalist countries. The speaker distinguished three circumstances here.

First, the tempestuous growth of military spending is a principal reason for the big cutback in official social spending in the capitalist countries.

Second, the rapidly growing expenditure on arms in the United States and other NATO countries is leading to profound contradictions and disproportions, which are exerting an appreciable influence on the economic growth rate. The situation in the U.S. economy is having a strong impact on the economy of the other leading capitalist countries.

Third, according to American studies, capital investments to the tune of \$1 billion in military industry create approximately 75,000 jobs. In other spheres--in public utilities, the educational system, for example--2-3 times more of them are created. Hopes that a rapid growth of military production would give a nudge to the development of the entire economy and that the results of scientific research in the arms sphere would exert an appreciable influence on civilian production have not, as was to have been expected, been justified. According to available estimates, a maximum of 5-10 percent of the results of military research may be used in the civilian sectors.

It may, consequently, be concluded that the imperialist arms race is not only threatening peace and jeopardizing the existence of mankind. It is today a most important factor of social regression in the capitalist world.

The speaker observed that the modern world is characterized by two fundamental contradictions: the contradiction between socialism and capitalism, which ensues from the nature of our era, and the contradiction between a small, but powerful group of most aggressive imperialist forces linked with the military-industrial complex on the one hand and the vast majority of mankind aspiring to peace on the other. Both these contradictions interweave in the most varied directions.

Arms limitation and disarmament may be achieved by way of persevering and prolonged struggle against the aggressive imperialist forces. The struggle will be the more successful, the more convincingly the socialist countries demonstrate their advantages in the economy and in all other spheres of social life.

A number of questions moves to the fore here. The advantage of the social system is manifested primarily in the kind of contribution it makes to ensuring stable peace. Great significance is attached to the successful realization of the S&T revolution and the solution of the social and public problems connected with it. Ultimately it is a question of the kind of system in which man with his interests, requirements and capabilities may be at the center of attention and not aloof from events. We firmly believe that socialism will make increasingly active use of its advantages and thereby demonstrate its attractiveness.

Having dwelt on the question of the nature of the struggle of the two systems at the current stage, the speaker observed that it corresponds to the nature of our era and the essence of socialism and imperialism. But if in the nuclear age war cannot be an instrument of policy, this, it goes without saying, applies to the struggle of the two systems also. Lest mankind's existence be jeopardized, rivalry and confrontation must be exercised only in peaceful form. Particular importance is attached in this connection to the question of a broadening of economic relations, scientific cooperation and relations in other spheres of social life between states with different social and political systems. This position is encountering support in capitalist countries (particularly in West Europe). However, there are forces in the ruling upper stratum in the capitalist countries, in the United States primarily, which are still taking the path of confrontation. They are endeavoring to exclude the Soviet Union and the socialist community from the international division of labor and sever the relations which have taken shape in the sphere of the exchange of the achievements of modern science and technology. For this reason the goal of living in peace may be achieved only in confrontation with these forces and given victory over them.

In conclusion the speaker emphasized that the struggle for peace cannot lead to an abandonment or weakening of the class struggle in the capitalist camp. It is a question here of objectively operating class interests, which need to be upheld to the end.

The question of relations between general and class interests arises in this connection. We have a right to maintain that the importance of the common interests of all mankind has grown extraordinarily in our time. It is also obvious that the socialist community, the communist parties and other

organizations of the working class are making a particularly active contribution to their realization throughout the world. Whence it is clear that there are no contradictions between the common interests of all mankind and the interests of the working class and that they essentially coincide. The Soviet Union and the socialist states are resolute defenders of the interests of all mankind.

The world economic system and worldwide economic activity are at the present time at an abrupt turning point. This is determined by the new stage of the S&T revolution, Doctor of Economic Sciences V.A. Martynov, deputy director of the USSR Academy of Sciences World Economy and International Relations Institute, observed in his speech. It began with the rapid spread in the mid-1970's of microprocessors (on large integrated circuits) and other electronic equipment and, judging by everything, will lead to a tremendous leap forward in the development of the world productive forces.

It was prepared, of course, by the entire development of science and technology in the 1950's and 1960's. However, it is at the second stage of the S&T revolution that a fundamental transformation of industrial production and its core--engineering--on the basis of electronic-information technology has developed. The automated factory has become the symbol of the future and, partly, actual economy. The number of operating FMS and automated production and design systems is growing constantly, albeit not very rapidly as yet. This technology is providing not only for economies in the scale of production, which remains a most important cost-cutting means, but also the possibility of producing many product modifications without resetting the equipment (so-called economies in range).

Electronic-information technology is now invading the sphere of service (nonmaterial production) and personal consumption also. This applies primarily to the credit-finance sphere, office work, trade and health care. PC's have become a regular item of consumption.

The present-day S&T revolution has moved to the fore the task of ensuring the high quality and dependability of new technology. And this applies, moreover, to the quality of manpower itself also. In a number of the newest sectors expenditure on the training thereof exceeds investments in producer goods. Demands on the entire sphere of education, the system of personnel training and improvement included, are changing. But this is just one aspect. The other and, perhaps, decisive aspect is the fact that the development of production based on new technology requires man's active participation in production and the management thereof. Stimulation of the work force is becoming an inalienable condition of computer-controlled production.

The material and, particularly, energy-saving direction of the S&T revolution has been manifested particularly distinctly at the current stage. The savings of energy per unit of gross social product which have been achieved are impressive--from one-third to 40 percent from 1973 to 1985 in respect of the main capitalist countries. This is perhaps the most important economic result of the S&T revolution.

It should be borne in mind, of course, V.A. Martynov observed, that the

current stage of the S&T revolution--that of electronic automation and information science--is in the initial phase. Many S&T problems have yet to be solved. There are even bigger difficulties in the socioeconomic sphere. The past decade, although having brought manifold changes in the techniques, structure and organization of social production, was more a period of preparation of the economy for future, more radical transformations. The extensive scope of the automation of industrial production may, in all probability, be expected no earlier than the mid-1990's.

The speaker went on to note that an important, if not the most important, aspect of the S&T revolution at its current stage are the profound changes in the system of the division of labor at all levels: within enterprises and associations, at the intersectoral level in individual countries and, finally, at the international level.

The application of FMS and the electronic automation of whole factories, uniting in a single and at the same time flexible process tens and hundreds of operations, is changing fundamentally the entire old system of the division of labor within enterprises. Taylorism with its narrow specialization is receding, and irretrievably at that, into the past. A new organization of labor is being given birth, which is built on the principles of the flexibility of production, minimization of orders and close ties to the consumers. Profound changes are beginning to show through in the organization of management at association level also: vertical integration as the basic principle of divisional or divisional-matrix organization is beginning to be supplemented and replaced even by so-called network organization, whereby a large corporation merely controls and coordinates relatively small or even tiny companies working for it on contract. All these changes are making their mark on the process of the concentration of production and capital. In addition, it should be considered that the level of concentration of production measured by the numbers of persons employed is declining sharply. Whereas in the 1960's the number of persons employed on average at a new plant coming on stream was 644, in the 1980's, only 210.

Small-scale production in industry has acquired certain opportunities for development. It has come to be based increasingly on new technology or the enlistment of highly skilled manpower. The most striking example are the venture enterprises. Of course, this has not shaken the dominating positions of the major corporations in the economy of capitalist countries. They concentrate, as before, the bulk of R&D. Thus in the United States' private sector almost three-fourths of total spending on R&D goes on S&T projects of the biggest monopolies at an annual cost of over \$100 million. At the same time the monopolies have transferred to small-scale venture business the risk of innovations, which provides them essentially with a mechanism for the selection of economically justified innovations.

Profound changes have occurred in the sectoral structure of the division of labor and, as a result, in the nature of intersectoral relations. In the period 1974-1985 the Japanese economy grew by an average of 4.8 percent, but its need for steel remained at the 1975 level, and its need for oil diminished 19 percent. The main reason for this, Japanese economists believe, was the electronic revolution. Electronics and the sectors connected therewith have

grown at an annual 16 percent, computer chip production, however, has increased by a factor of 400.

The S&T revolution is also increasing the trend toward the relatively speedier expansion of the service spheres. This is connected on the one hand with the growth of production services, including engineering and information services, and, on the other, with the change in the structure of the population's requirements.

Appreciable changes have occurred in the international division of labor manifested in the uneven development of individual capitalist countries and, this constituting the most worrying feature of contemporary economic development, in a pronounced deterioration in the positions of the developing countries in the world economy.

The changes in the division of labor are imparting both mobility and at the same time instability to all of social production and economic (production) relations between its individual components and parts.

The division of labor is the primordial mechanism of social production by means of which the unity and interaction of its two aspects: the productive forces and production relations are realized and expressed. In V.A. Martynov's opinion, political economy research in the USSR has paid undeservedly little attention to this problem, which is reflected in the analysis both of the transformations which are currently occurring throughout social production and of their consequences.

As a common regularity of the development of the productive forces, the S&T revolution does not have state borders. It is the property of all mankind, more precisely, should be such. However, in our divided world the S&T revolution is now the main front of the economic and, what is most dangerous, military competition of the two systems. It is the basis of "technological neocolonialism," a policy of which imperialism is attempting to pursue in relations with the developing countries.

The antagonistic nature of the contradiction between the productive forces and capitalist production relations, predetermining the inevitability of its intensification as social production develops, is ultimately bringing about many of the singularities of the general crisis of capitalism at the current stage connected, in particular, with the tremendous economic and social costs which attend the process of capitalism's adaptation to the new conditions of S&T and economic development.

Of course, V.A. Martynov observed, it is necessary in criticizing capitalism to evaluate realistically the economic possibilities at its disposal, specifically, in the sphere S&T development. S&T progress under capitalist conditions proceeds on the one hand under the impact of the mechanism of the law of value and, on the other, under the influence of consciously pursued official policy. Thus capital employs new technology merely in the race for profits and under the pressure of competition. However, under the conditions of increased internationalization S&T progress, exacerbating the nature of the competition of the international monopolies, is thereby becoming a factor of

production proper. As far as official policy in this field is concerned, it encompasses an extensive set of measures: from subsidies to capital for the development of R&D and the use of its results through the financing of scientific and research institutes and establishments, particularly in the sphere of fundamental research, and the elaboration of large-scale national programs pertaining to the main directions of S&T progress. An increasingly important place in the official policy of the main capitalist countries has in recent years been assigned questions of education and personnel training also.

At the same time the 1980's have confirmed anew that the S&T revolution has under capitalism a relatively narrow range of development, which is conditioned by the very nature of capital and the action of that same law of value under the conditions of the domination of monopoly ownership. It is a question, first, of the lagging of personal consumption behind the growth of production immanent to capitalism. It may be said with confidence that the contradiction between production and consumption--the ultimate cause of economic crises--is intensifying under the new conditions. Even the development of the newest sectors has already begun to come up against the narrowness of effective demand (overproduction of computers, computer chips and so forth).

Second, the narrow horizons of intrafirm monopoly planning and its orientation toward short-term profitability at a time when the scale of the transformation of production based on its automation is demanding a long-term approach attended by risk and large-scale expenditure. The principles of management based on the strategy of securing short-term profits are now, even in the opinion of many bourgeois economists, meaningless. But it is this strategy which is still predominant in business life inasmuch also as the price of shares, dividends and, consequently, the financial "health" of corporations depend on the amount of current profits.

Third, the acceleration under the conditions of the contemporary S&T revolution of the obsolescence of equipment and the increase in the scale of depreciation of fixed capital connected therewith. And these processes also are intensifying many times over inasmuch as the very structure of fixed capital is coming into conflict with the new directions of the growth of social production and the reproduction proportions. The relatively slow progress of technical transformations at the present time is sometimes explained by the inertia of accumulated capital and the economic impossibility of its rapid replacement. But another reason is more important--the monopolists' reluctance to risk investments in new technology for fear of losing capital as a result of depreciation.

Fourth, under the conditions of the present-day S&T revolution the main social problem for capitalism is that of employment.

Finally, the growing militarization of R&D in the United States and a number of other countries is becoming an increasingly big impediment to progress.

The limits which capital places in the way of the S&T revolution are not, of course, of an absolute nature. They are relative and mobile and are manifested in the actual singularities and contradictions of capitalist accumulation. It

is worth emphasizing that a considerable influence on them is exerted by state-monopoly regulation, by means of which capital attempts--and not always unsuccessfully--to widen them. But no regulation, of course, can do away with these limits while remaining in the soil of capitalism.

The contradictions of capitalist reproduction in the 1970's and 1980's have been manifested in the long relative overaccumulation of fixed capital and its depreciation and a fall in the profit norm. Whence the underloading of production capacity and mass unemployment, acute sectoral crises and the slack investment process.

The relative overaccumulation of capital is manifested, as you know, in cyclical crises, which resolve this problem temporarily. However, in the 1970's and 1980's it has been of a more complex and prolonged nature than previously. New, structural, factors brought about by the particularities of the accumulation of capital under the conditions of the current S&T revolution have been added to the cyclical factors.

Having touched on the question of the essence of economic crises and the process of capital's adaptation to the new conditions, the speaker observed that the decisive factor of the sharp intensification of the 1974-1975 world crisis were the structural crises of underproduction, energy primarily and also raw material and food. The structure of capital accumulation was in profound contradiction to the level of prices of the main types of resources (energy particularly) since the majority of major innovations of the 1960's was of an energy-consuming nature. As a result depreciation encompassed an appreciable portion of the fixed capital invested in energy-consuming technology. At the time of the 1974-1975 crisis and the subsequent lengthy depression it was ascertained also that a way out of the crisis thanks to increased production profitability (primarily thanks to a reduction in costs per unit product) on the paths of many traditional directions of technical progress (an increase in the capacity of the units) and also thanks to an increase in the scale of production was either impossible or insufficiently effective.

A most important feature of the most prolonged postwar world economic crisis of 1980-1982 was its interweaving with structural crises of overproduction encompassing the base sectors of industry and the production of raw material and, subsequently, fuel. As a result there was once again a sharp increase in the scale of depreciation of accumulated capital both as a whole and, particularly, in the base sectors. The intensifying competition on the part no longer just of labor- and resource-consuming industries but also of a number of the newest (science-intensive) enterprises created by the TNC in the group of industrializing developing countries is operating in the same direction.

As a result of this crisis, however, conditions took shape which enabled the developed capitalist countries (the United States particularly) to shift the burden of the restructuring of their economies onto the developing countries to a considerable extent. The price of raw material (in dollars) fell to the lowest level in the last 25 years. The movement of the price of fuel and raw material commodities was an important factor contributing to the lowering of

the rate of inflation in the developed capitalist countries.

The 1974-1975 economic crisis and, particularly, the 1980-1982 crisis revealed distinctly the high level of internationalization of social production and the fact that it has already overstepped the national boundaries of individual states and cannot develop efficiently within this framework. This was manifested particularly obviously in the development of new industries. The crises exposed the narrowness of the possibilities of state-monopoly regulation confined to a national framework of adapting the economy to the structural rebuilding of the world economy and the new conditions of capital accumulation, which are increasingly dependent on external circumstances.

V.A. Martynov observed that the S&T revolution had intensified the unevenness of the economic development of individual countries and centers of imperialism. In respect of many indicators Japan is in the lead, the United States is attempting to hold on to its positions and the West European countries, excluding, possibly, the FRG, are lagging noticeably behind them.

There has been an intensification in the 1980's of the struggle of international, primarily transnational, corporations for a new economic redistribution of the capitalist world economy. Thus a pronounced shift in the distribution of markets and spheres of capital investment in favor of the Japanese TNC to the detriment of the American and West European TNC has occurred. And this struggle between TNC, furthermore, is being conducted with the aid of and given reliance on the national monopolies. These shifts in the alignment of forces of the three centers of imperialism, exacerbating the international competition of capital, are inevitably leading to a considerable intensification of interimperialist contradictions.

Together with centrifugal forces centripetal forces continue to operate in the capitalist economy also. Their action is also based on objective processes in the development of social production, specifically on the said trend of the growth of the interdependence of the economies of individual countries under the conditions of the increased internationalization of the world economy. The capitalist states are being pushed toward the coordination of foreign economic policy also by the extreme instability of the general economic situation characteristic of the capitalist world of the last decade. It may, to all appearances, be concluded that the bitter competition between the TNC of the three centers of imperialism is even now forcing them to seek compromise and, frequently, mutually beneficial forms of cooperation. However, all forms of increased international coordination and cooperation between TNC and between imperialist states are based on the economic and political positions at their disposal. And the most striking confirmation of this is the American policy of economic and political hegemonism in international relations.

In the pursuit of this policy the United States is relying on its continued, albeit diminishing, economic and S&T superiority to the other imperialist centers and also its increased military-political power. However, as the course of events shows, this policy and practice of the use in the interests of the United States of the economic potential of other countries have led to the formation of a whole bloc of interimperialist contradictions in the sphere of trade, currency and credit-finance relations. Whence the inevitability, in

the speaker's opinion, of new upheavals in the capitalist world.

The last three decades, right up to the start of the 1980's, were characterized, G.F. Kim, corresponding member of the USSR Academy of Sciences and deputy director of the USSR Academy of Sciences Oriental Studies Institute, observed, by a general increase in the role of the developing countries in the world economy. However, this was brought about not only by the regularities of the socioeconomic development of these countries themselves but also primarily by the logic of the movement of the world capitalist economic system, of which they are a component and peripheral part. The laws of the development of the productive forces and the trend toward their universalization manifested in the course of the S&T revolution brought about profound structural changes in the world capitalist economy, bringing the productive forces into line with the requirements of the new phase of the S&T revolution and the changed conditions of the use of resources. These processes have a profound and, in a number of countries, determining impact on the nature of the emergent countries' incorporation in the world capitalist economy, on the changes in the structure of their GNP and on the directions of socioeconomic modernization.

Particular features of the models of social evolution of the developing states also have been ascertained most distinctly in the past decade. The revolutionary process is intensifying in countries of a socialist orientation. The commanding heights in the economy are gradually being transferred to the control of the state, planning principles of economic management on a national scale are being introduced and a cooperative system is being implemented in the countryside in the most developed of them.

The intensive development of capitalism, which has revealed its historical narrowness and proven incapable of solving socioeconomic problems, has occurred in a number of countries. At the same time the capitalist model of the periphery of the nonsocialist economy is distinguished by specific features. The forms and degree of maturity of capitalism in the emergent countries make it possible to interpret it as a typologically particular model, which is directly connected with the singularities of the genesis of this type of capitalism.

As of the mid-1970's the new twist of the spiral of S&T progress has led to a rebuilding of the economic structure in the imperialist states. The science-intensive sectors and services are developing at a preferential rate, the structure of agricultural production is changing and so forth. As a result the imperialist countries' need for mineral and vegetable raw material and food is diminishing (relatively and, sometimes, absolutely also). There is a loss of interest in the further economic development of the emergent countries since, given the international division of labor taking shape currently, they can no longer exploit them by the former methods either as a source of raw material and cheap manpower or a sphere of capital investment. This is a most striking manifestation of the crisis of the relations of imperialism and the developing countries, a crisis of neocolonialism.

The slowing of the rate of economic growth in the center of the world capitalist economy and the easing of its dependence on supplies of energy and

raw material resources and certain types of industrial products from the emergent states as a consequence of the introduction of resource-saving technology and transition to the new technological model of development have led to an appreciable deterioration in the external conditions of reproduction in the developing countries, a relative narrowing of export revenue and a colossal growth of foreign debt, increased instability and ultimately a slowing of their economic development, in the immediate future, at least. The facts testify that imperialism has succeeded in organizing a kind of counteroffensive against the developing countries. This is complicating appreciably their struggle for a new international economic order. The position of the developing countries in the world capitalist economy will evidently remain difficult, and the present negative trends will continue. The deterioration in economic conditions and increased neocolonialist exploitation will not only preserve and recreate anti-imperialist potential in the "third world" but also exacerbate the social tension and class struggle there.

The speaker went on to dwell on the problems of the developing countries which have taken the capitalist path of development. They are characterized by a duality of socioeconomic structure. The growth of the relative significance of the modern sector and the maturation therein of developed forms of capitalist enterprise are not being accompanied by an adequate expansion of capitalism in breadth and the transformation of the traditional economy on a capitalist basis. In the majority of emergent countries the traditional sector continues to provide employment for the bulk of the gainfully employed population. There is every reason to maintain that the transition of the capitalist model in these countries to a mature condition at the current stage does not signify adequate social progress. In addition, as capitalism acquires features of maturity, the narrowness of its possibilities of securing such progress is manifested in increasingly great relief.

In the emergent countries proceeding along the capitalist path of development the formation of capitalism has been accompanied by a constant growth of social polarization and tension. However, this has not always created the prerequisites for a stimulation of the progressive forces and revolutionary upsurge. The embittered nature of the class and political confrontation does not in itself bring a liberation or opposition movement to the level of a truly revolutionary movement. Two main dangers lie in wait for it in this situation--extremism in tactics and sectarianism in program principles. Something else must be emphasized also. Capitalist transformation is leading in the Afro-Asian region to the accumulation of, in V.I. Lenin's words, "combustible material," but not only in the camp of the progressive forces. The question of the "explosion" of neotraditionalism observed in many emergent countries in the 1970's-1980's merits special attention in this connection. A striking example is the "Islamic boom" which has been observed since the end of the 1970's.

It is against the background of such phenomena that the number of supporters of a so-called "third way" of development, a theory actively supported by the West's imperialist circles for the purpose of discrediting the theory and practice of the building of socialism, is growing. The concentrated action of the defenders of a "third way" will in all likelihood have a long-term basis since the formational transitional period being experienced by the emergent

countries is being prolonged.

Imperialism (American primarily) is not shunning direct military-political pressure for the sake of establishing control over various aspects of the life of the developing countries. The absolute majority of conflicts incited by the ruling circles of the United States has occurred and continues to occur in the zone of the national liberation movement.

Imperialism's extensive use of military-power methods in international relations and the acceleration of the arms race are having a negative effect on the emergent countries' socioeconomic development. As the global arms race grows, Afro-Asian and Latin American states are being pulled into the general stream of militarization also. The so-called "mini" arms race gathering momentum in the "third world" is stimulating the emergence of new and the intensification of existing local conflicts and diverting substantial resources necessary for the realization of development programs.

Summing up, G.F. Kim observed that a set of very difficult contradictions has taken shape between imperialism and the emergent countries. The policy of the West's ruling circles is encountering the growing counteraction of the peoples of the emergent countries. Understanding that the tasks of overcoming backwardness and accelerating socioeconomic development may be tackled only under conditions of detente and removal of the threat of a world nuclear war, the leaders of many developing states and broad circles of their public are displaying growing concern for the fate of peace. This is contributing to a rapprochement and, frequently, concurrence of positions between these states and the USSR and the other socialist countries on the key international problems of the present day.

Hereupon the plenary session concluded. The discussion continued within the framework of the three panels.

FOOTNOTES

1. A digest of the full texts of the papers and speeches is being prepared for publication in the "Nauka" Publishing House.

The speeches at the plenary session of B. Marx, member of the French Communist Party Central Committee, and G. Farakos, member of the Greek Communist Party Central Committee Politburo and director of the newspaper RIZOSPASTIS, will be published in a coming issue of the journal.

2. See V.I. Lenin, "Complete Works," vol 27, pp 305-306.

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OVERVIEW OF DISCUSSION ON STATE-MONOPOLY CAPITALISM, DEREGULATION

Moscow MIROVAYA EKONOMIKA I MEZHDUNAPODNYYE OTNOSHENIYA in Russian No 6, Jun 87 (signed to press 16 May 87) pp 82-88

[A. Shapirc summation: "State Regulation and Private Enterprise in Capitalist Countries: Evolution of Relations"*)]

[Text] There Has Been and Is No Dismantling of State-Monopoly Capitalism

Our debate, which began with a discussion of the reasons for the wave of reprivatization of state property which has seemingly taken shape in a number of capitalist countries, went far beyond this framework. It moved from the one, albeit highly material, problem of state-monopoly capitalism raised in the speeches of V. Kuznetsov and V. Studentsov which opened the discussion to the plane of more general questions, developing into a real dispute concerning the essence and nature of contemporary state-monopoly capitalism and the economic function of the bourgeois state.

This turn of the debate from the particular to the general is, it would seem, explicable: the conversion of the state into a major capitalist proprietor owning not only the means of communication and information media but also industrial enterprises and whole sectors and spheres of the national economy, has truly become an inalienable component of the direct state intrusion into the processes of production and accumulation, circulation and distribution. Without the public sector nor is there any programming of the economy, which continues in a number of countries.

However, state ownership never was nor is it now either the main or most important lever of state intervention in the economic process. V. Volobuyev puts state enterprise in fourth place in the hierarchy of components of postwar systems of regulation of the economy and observes with every justification that it has played "a comparatively lesser role in the functioning of state-monopoly capitalism" (1). The narrowness of the role which state ownership performs and the fact that it is the most inert and least dynamic part of the system of state economic regulation were discussed by Ya. Pevzner and a number of other speakers. For this reason it is not legitimate in principle, in our view, to draw conclusions concerning the evolution of state-monopoly capitalism as a whole or interrelationships between state regulation and private capitalist enterprise just on the basis

of such a criterion as changes in ownership relations.

Denationalization is not yet, as can be seen from the material of the debate, either large-scale or, even less, unprecedented. If it is indeed beginning to extend to some sphere of the economy, this applies to the very least extent to material production. It also follows from this that no reason for sweeping generalizations is in sight.

First, the precedent. During WWII in the United States the government built approximately 2,800 enterprises, including 534 aircraft assembly, 116 tool-building, 84 aluminum and 65 shipbuilding plants and 60 plants for the production of synthetic rubber. In 1944 some 50 percent of machine tools in the country, 70 percent of the aluminum, 80 percent of the synthetic rubber, 90 percent of the magnesium and the majority of aircraft and aircraft engines were manufactured at these plants. All this immediately after the war was, in accordance with the Baruch-Hancock plan, sold to the American monopolies. The war had not been over a year before three-fourths of the value of all government enterprises was already the property of the 250 biggest corporations, which had purchased them on average at 60 percent of the nominal price. Incidentally, the "undulating theory" of state-monopoly capitalism of sad memory was born and quickly died on the wave of that truly unprecedented reprivatization.

Now about the scale of the present denationalization. It was described knowledgeably by the participants in the debate. This is what they said: it is unlikely that an FRG Government, even a most conservative one, would consent to a radical privatization of its enterprises; in Japan the privatization which has been announced represents to a considerable extent as yet a formal act since it is planned issuing securities of these enterprises on the market gradually; state enterprise in France, even given its reduced scale, remains an important organic part of the French system of state-monopoly capitalism; there are no grounds for speaking of a sweeping process of the replacement of state ownership by private ownership in the small West European countries; in Austria the question of a change in the forms of ownership has not been posed as yet; in Portugal denationalization is prohibited by the constitution, and in Finland the creation of new state enterprises is continuing. The "leader" of the reprivatization process is considered Britain, but even there only a negligible portion of state-owned corporations is being transferred to private hands. In the United States, which in terms of the amount of government property, particularly in the production sphere, is considerably inferior to many other capitalist countries, the business is confined to a program for selling off part of the property belonging to the government which the administration has only just submitted to the Congress.

So we have to agree that concentrated reprivatization has not become a fact. It is all a matter mainly of projections, intentions and suppositions, but where is the assurance that they will be embodied in specific action? Some of the speakers were persuaded of this, it is true. While saying that "some bourgeois politicians' hopes for the total elimination of state enterprise are completely groundless" (2), V. Studentsov, for example, nonetheless believes that the privatization campaign is gaining momentum. Agreeing with him fully is R. Kapelyushnikov, he adding here that denationalization is of an

objectively conditioned nature. But what does "gaining ever increasing momentum" mean? This could signify merely the development of a trend, but by no means its turning point. However, life continually warns us against the categorical nature of opinions, haste to draw conclusions and the inclination to "perpetuate" processes which have only just begun.

We would recall that when inflation had lasted quite a long time and was at times measured in double digits, the proposition that it had become chronic was advanced. When, during the 1979-1980 second oil shock, oil prices once again leaped up sharply, the ringing phrase concerning the "end of the cheap fuel era" came into circulation. But after, thanks to energy-saving technology, the reduction in energy consumption per unit of social product and frequent economic crises, liquid fuel became considerably cheaper for all that, there was talk of a solution of the energy problem in earnest and for a long time and on the fact that the task of the provision of society with resources had been taken from the agenda altogether. Today inflation has been practically eliminated in the United States and a number of other countries, and the energy problem could flare up at any moment with new force.

Bills for the reprivatization of state property are not, of course, reprivatization itself or decrees even. It would be a mistake to underestimate the forces opposed to it. How things will progress, time will tell, but the possibility that this process will for political or economic reasons decelerate or come to a halt altogether and be replaced even by the reverse movement, as has been the case repeatedly in the postwar history of capitalism, cannot be precluded. But, in any event, the state will be, as before, a major proprietor, entrepreneur, hirer of manpower, investor and banker, not to mention other aspects of the realization of its economic function. As mentioned in the debate, there are objective limits to reprivatization, as, incidentally, nationalization also. Much will depend here on the comparative efficiency of the functioning of the state-owned and private enterprises. We shall not touch on this subject: the speeches of V. Peschanskiy, N. Khrustaleva and V. Studentsov helped smooth out individual creases.

Propositions concerning a winding down of traditional forms of state intervention in the economy, transformation of the mechanism and the entire system of state-monopoly capitalism and the fact that "a sweeping process of deregulation... is gaining ever increasing momentum" were advanced in the course of the debate. While observing that under current conditions any capital is in reality indirectly nationalized and that the ongoing denationalization alters nothing in principle either in the mechanism of capitalist reproduction or in its nature, V. Studentsov also believes that a restructuring of the strategy of state influence on the economy is taking place (3). It would seem that all this is a manifest exaggeration of what is happening. Nothing of the sort is to be observed in real life. I believe that neither the planned maneuvers involving state ownership nor anything else are grounds for such conclusions.

Has there really been any essential and cardinal change in the process of redistribution of a substantial and increasingly growing portion of the national income via the state budget to the benefit of big capital, in the

granting of direct and indirect subsidies to the monopolies, in state regulation of relations between labor and capital and many spheres of economic activity, in tax and credit-monetary policy and the manipulation of discount rates, in the organization of the state market and the system of government military and civilian purchases and in much else? Has the bourgeois state abandoned the use of all these traditional forms and methods of its intervention in the economic process and is the ruling class not endowing it with more such and similar prerogatives?

Let us turn to the experience of the United States, where, it is generally acknowledged, state-monopoly capitalism, despite the relative weakness of the "state economy," has enjoyed the greatest development and where, at the helm of the country, rightwing conservative forces have proclaimed the loudest an aspiration to revive the "nation's entrepreneurial instinct". Having loudly proclaimed his first "crusade to make America great again" and having pretentiously called his action program "a new beginning for America," R. Reagan had people believe that he intended achieving these ambitious goals on the paths of a winding down of the economic function of the state, deregulation of the economic process, the release of private capitalist enterprise from bureaucratic chains and the granting of completely unbounded freedom of action to "self-adjusting" and "self-regulating" spontaneous-market competitive mechanisms. Government was pronounced the culprit of all the troubles which had befallen America, and its economic policy was seen as "a principal cause of the slowing of the United States' economic growth".

From the very outset this was grand deception, and only naivete can explain the fact that it was accepted, and is even now accepted by some people, as the real thing. The Reagan administration had no intention of dismantling state-monopoly capitalism, and even had it had this intention, it could not have carried it out. In fact its economic program passed by the Congress in 1981 was based, as is known, on "five pillars". These were, first, a substantial limitation of the growth of federal spending, primarily thanks to cutbacks in social programs, given a simultaneous colossal increase in military appropriations. Second, a three-stage, 3-year general lowering of the income tax rate to 23 percent and the granting of big tax privileges and refunds to the corporations, primarily by accelerated depreciation methods. Third, the reforming, reduction and abolition of economic regulation to encourage economic growth. Fourth, a restrictive credit-monetary policy aimed at easing inflation. And, fifth, a consistent strategy of economic policy, which "does not change from month to month".

If we do not count the purely verbal and, of course, unrealized promises to "abolish" regulation of the economy, none of the interrelated components of this program has essentially introduced anything fundamentally new to the economic strategy of the bourgeois state and the practice of state-monopoly regulation. They have all been used for decades to this extent or the other as powerful levers of anticyclical policy. What Western journalists airily, but without any scientific reason, called "Reaganomics" (like, say, "Nakasonomics" in Japan or "Craxinomics" in Italy) was in practice the purest eclecticism. Like its theoretical platform--rightwing conservative concepts--it imbibed individual elements not only of monetarism and neoclassicism as a whole but also of neo-Keynesianism, although this is recognized by far from everyone. If

the policy of curbing the money supply, increasing the cost of credit and encouraging private capitalist initiative in every possible way was a tribute to monetarism, deficit financing and the use of fiscal and credit-monetary instruments of regulation had altogether a Keynesian basis. Did the easing of the tax burden on certain strata of the population and on the corporations not stimulate aggregate "effective demand"?

Now, when the completion of the second term of the R. Reagan presidency is approaching, there should no longer be any doubt that, contrary to the verbal tightrope-walking concerning "antistatism" and "antidirigisme," there has been no dismantling and no transformation either of the mechanism or the entire system of state-monopoly capitalism, even partial, in the United States. The economic role of the state has by no means been reduced to a minimum. If anything has occurred in this sphere, it has been, as Yu. Bobrakov observed, not "deregulation" but some "decontrol" (4) extending initially to certain transport operations, the sphere of banking activity and the securities market and, partially, power engineering and certain types of communications. T. Krasnopolskaya's speech showed that it began not under Reagan--he merely continued what had been started by J. Carter--reducing the number of reporting forms and rules of industrial and market activity, abolishing federal environmental pollution controls and narrowing somewhat the range of antitrust legislation. Thus a certain easing of the government's regulatory intrusion in some sectors of the economy, predominantly not in the material production sphere, what is more, has been more than compensated, as practice has shown, and outdone even by increased government intervention in other, more significant spheres of economic life.

The state has begun to operate even more assertively, attempting to break up unpropitious economic development trends, stimulate the investment process and achieve an increase in the industrial profit norm, social production efficiency and the competitiveness of products, an acceleration of S&T progress and the structural rebuilding of the economy corresponding thereto. "Re-industrialization" or the pursuit of an "industrial policy" serve this purpose. The size of the federal budget and its share of the GNP have increased (the share of government spending has grown by 1.5 percentage points in the 1980's, and this is considerable), and the government has an opportunity to redistribute not only a substantial but also increasingly large amount of the national income to the benefit of the monopolies. As N. Snmelev observes, the growth of the budget deficit and the national debt has brought about a phenomenon unprecedented in American peacetime: the government has to a considerable extent squeezed out private borrowers from the domestic credit market (5). It is intervening even more intensively in the sphere of foreign economic relations, supporting "its" TNC in the struggle against those of West Europe and Japan.

What, then, has changed in the state-monopoly capitalism of the United States in the term in office of the Republican administration? Its evolution has been expressed primarily in a certain restructuring (but by no means transformation) of the mechanism of government regulation and a change of its priorities, a change, however, not in the forms and methods of regulation themselves--they have remained as they were--but in their correlation in favor of an even bigger increase in the role of indirect levers. It has been

reflected, further, as I. Osadchaya emphasizes, in shifts in the correlation of the government and market mechanisms of regulation of the economy (6). It also makes itself known in the fact that in the single mechanism combining the power of the monopolies and the power of the state the private monopoly principle has moved to the fore as yet, which does not, however, preclude the possibility of a return to former proportions; the neoconservative version of state-monopoly capitalism is even more subordinated to the interests of the biggest business. Finally, such large-scale actions as those undertaken by the present administration are unprecedented in postwar American history. Indeed, the 1981 tax act, the increase in the cost of credit and the military programs have been unprecedented in terms of scale.

However, quantity has not turned to quality. Neither the American neoconservatives nor their sympathizers in other countries have accomplished any "revolution in the economy," as has been solemnly proclaimed. A real change toward free competition has not occurred, nor could it have. Private capital has acquired not "freedom," which it was not seeking all that much, but new conditions and resources multiplying its investment potential. It is true that the Reagan variation of state-monopoly capitalism is a kind of "social Darwinism": the strongest survive. But something else is true also: the monopolies are continuing to receive direct or indirect government subsidies, and it is, as before, clearing up the finances of those directly threatened with bankruptcy. We would recall if only Chrysler, Lockheed, Penn Central or Continental Illinois, to which the government threw a lifesaver.

There can be no question of an abatement and, even less, abolition of government regulation. The unprecedented scale of the measures implemented by the administration testifies to precisely the reverse--a further extension of the economic function of the state. It is not the present reprivatization but this prerogative of the state which has been objectively brought about. It is this which represents an irreversible regularity of present-day capitalism caused by the objective need for the development of its hugely increased productive forces.

The measures of state-monopoly regulation embodied in the economic practice of the United States have frequently been mutually exclusive and diametrically opposite in terms of their impact on the economic process, simultaneously or with a short time lag both accelerating and decelerating it. Thus on the one hand the large-scale tax reform exempted the corporations from the payment of some tax on profits, which contributed to an intensification of investment demand. But, on the other, interest rates were jacked up for the purpose of combating inflation, which made it more difficult for industrial capital to obtain bank credit and thereby lowered its "inclination to invest". There has been a similar picture with consumer demand. It was stimulated by the reduction in income tax. However, an opposite influence was exerted by at first inflation and then the offensive of the monopolies and the administration against the social rights and gains of the working people, the reduction in appropriations simultaneously for 250 various government assistance programs and the increased cost of consumer credit and mortgages.

Superimposed on all this were the lack of coordination and asynchronism of the actions of various government departments, the incompatibility of their

regulatory actions, the bureaucratization of the economic machinery of the federal government and the duplication, discreteness or mutual contradictoriness of the measures implemented by a multitude of its components. In turn, conflicts between the executive and legislative authority frequently caused delays in the adoption of decisions, which under the changed conditions exerted on the economy an influence directly the opposite of that to which they were geared.

As a result the simultaneously applied various measures of regulation of the American economy neutralized one another, canceled each other out and, it may be said, amounted at times to a "zero result" in fact, affording scope for the usual cyclical forces of the reproduction process. The 1980-1982 economic crisis was provoked, it is true, as has repeatedly been the case in the postwar history of the United States, Italy and a number of other countries, by the administration's deflationary policy. This was the high price which had to be paid to whip inflation. However, the post-crisis inflationary growth of production and a certain reduction in the army of the unemployed were secured by no means by the set of government regulatory measures but by the action of cyclical forces. The change for the better in economic conditions played, as is known, a considerable part in R. Reagan's reelection, although "Reaganomics" had nothing to do with things here. The coincidence of the turning point and the 1984 election campaign was a matter of chance.

In the famous letter to K. Schmidt dated 27 October 1890 F. Engels observed: "The retroaction of state power on economic development may be of a triple kind. It could operate in the same direction--development would then be more rapid; it could operate against economic development--then today it would for each important nation fail after a certain passage of time; or it could erect barriers to economic development in certain directions and push it in other directions. This case ultimately amounts to one of the preceding ones. It is clear, however, that in the second and third instances political power could cause economic development the greatest harm and could bring about a waste of forces and material in a massive amount" (7).

The Reagan administration has acted in accordance with the third instance of the reverse influence of state power on economic development described by F. Engels. Like the Keynesian constructions in the 1970's, the neoconservative constructions in the 1980's have proven inadequate to the new tasks which have confronted the country. The negligibly renovated system of government regulation has led neither to a "recovery" of the economy nor its "stable prosperity". On the contrary, it has intensified to a certain extent even the disarray in the economic basis of American capitalism and summoned into being a whole set of the most complex economic-political and social problems, many of which the United States is encountering for the first time in many years and decades even.

No less acute than before is the task of an acceleration of economic development, an increase in the efficiency and reduction in the costs of production and the growth of labor productivity and the competitiveness of science-intensive and traditional products. But a national and foreign debt of unprecedented size and continuing to grow, imbalances in the federal budget, foreign trade settlements and payment transactions and spurts in the dollar's

exchange rate have moved to the fore to replace the main problems of the last decade--crises, inflation and unemployment.

Some speeches touched on the question of the genesis of state-monopoly capitalism and the nature of the contemporary bourgeois state. V. Studentsov, for example, interprets K. Marx's proposition that in certain spheres the joint-stock company "leads to the establishment of a monopoly and for this reason demands state intervention" (8) in the sense that a reason for the establishment of state control over the economy was "the need to limit the power of the monopolies" (9). Such an interpretation evokes serious doubts.

Truly, endowment of the bourgeois state with an economic function was connected with the transition from free competition to monopoly and was predetermined by the laws of the development of capitalism in its highest, imperialist, phase. The starting point of state-monopoly capitalism is the emergence and domination of monopolies. Having grown on the basis of the socialization of labor and born of the concentration of production, it is they which determine the essence of state-monopoly capitalism and its historical purpose and place. There is no nor can there be any state-monopoly capitalism outside of the monopolies. From the very outset they have supplemented the personal union of industrial and bank capital with the personal union of the financial oligarchy and the machinery of state. Their fusion is objectively necessary for the reproduction of monopoly relations. Whatever aspect of these relations one takes, the need for the direct intervention of the state in the reproduction process, in the economic life of society, shows through distinctly everywhere. And this need is embedded in monopoly.

But the monopolies are in imperative need of state support, the economic function of the bourgeois state and its "control over the economy," not, of course, in order that it might limit their power but precisely the opposite--for the purpose of the expanded reproduction of the relations of monopoly capital, in its interests and for the sake of the consolidation of its economic and political domination. Relations between the state and the monopolies take shape contradictorily and in a far from conflict-free fashion. In order to fulfill its purpose consisting of the formulation and realization of the long-term strategy of the entire monopoly bourgeoisie the state is forced to curb the particularly inordinate appetites of individual monopolies and groups thereof. But it does not follow from this that its actions are aimed against big capital in general and that the latter "consents" to state intrusion into the "sanctum sanctorum" of capitalism only under the pressure of outside circumstances.

The state does not become here a "guarantor of the uninterrupted nature of the reproduction process," as V. Studentsov says. This cyclical process developing from crisis to crisis cannot by definition be distinguished by "uninterruptedness," and for this reason no one is in a position to "guarantee" it. As practice shows, state intervention in the course of reproduction, without which it is now inconceivable, not only does not resolve its antagonisms but exacerbates old ones and engenders new ones. The state may at times mitigate the cyclical fluctuations of production, but is powerless to remove them.

R. Kapelyushnikov expressed in his speech the wish for the abandonment of the idea of the bourgeois state as "a suprapersonal (!) spokesman for the strategic interests of the ruling class" (10). Put forward as the main argument here was the proposition that the state bureaucracy itself forms a special stratum whose social interest may come into conflict with the strategic aims of the class of capitalists as a whole and that any civil servant as a "normal" representative of bourgeois society pursues primarily personal selfish ends. One further argument--the state has to come to terms with the demands of other social groups "for the sake of maintaining class peace and preserving the stability of the system".

I will not quibble at the use of words but would observe that only that which exists may be maintained and preserved, whereas there is no trace of class peace and the stability of capitalism. Of course, monopoly capital and its political representation cannot fail to come to terms and really do come to terms with the interests of different groups of the population, resort to social maneuvering and consent at times to partial concessions to the demands of the working class, but all this is done with the sole purpose of preserving what is most important: their domination and their power. But at the first opportunity the working people are deprived of their gains, and the monopolies and rightwing conservative forces switch to an offensive, take social revenge, rely on "hardline" methods of controlling society and resort to political blackmail, repression and punitive actions.

Social maneuvering by no means signifies that the bourgeois state is becoming the spokesman for the interests of the whole population and some arbitrator above the classes and supreme arbiter curbing the monopolies in the interests of the whole of society and reconciling the antagonistic classes.

Whatever forms this state may assume, its essence is always the same--dictatorship of the bourgeoisie. Having completely seized the main material resources, monopoly capital shares political power with no one. It has established its dictatorship--the dictatorship of a minority over the majority, capitalist monopolies over society. Nor does state-monopoly capitalism alter the nature of imperialism. It not only does not change the position of the main classes in the system of social production but increases the gulf between labor and capital, between the vast majority of the population and the monopolies.

Now about the "special stratum"--the state bureaucracy. First, in order to pursue selfish aims it is by no means necessary to be a "normal" representative of bourgeois society. Second, the ordinary civil servant lacks privileges compared with people employed in private capitalist firms and does not "cling on to his chair". In addition, his wage is, as a rule, lower, and working for the state, he values primarily a certain stability of position. It is significant that when R. Reagan, attempting to make "big government" smaller, began to dismiss federal employees, resignations literally showered in from their colleagues also fearing loss of their jobs, although the threat of unemployment in the private sector is no less, of course. Third, the highest stratum of civil servants has an interest, just the same as the monopolies, in the preservation of capitalist orders, and in this most important thing their interests fully coincide; nor do they diverge when

corrupt officials of the machinery of state pursue their own "selfish ends".

But none of this is that serious. The main thing is that, given this interpretation, the committee controlling the affairs of the financial oligarchy, which the bourgeois state is in practice, accomplishes a dizzying volte-face and becomes the committee controlling the affairs of some "special stratum"--civil servants. And then the class nature of the bourgeois state as an instrument of the suppression and oppression by capitalist society's ruling class of its social enemies disappears.

Does what has been said contradict the well-known proposition of the founders of Marxism-Leninism concerning the relative independence of state power under the conditions of a balance of forces of the contending classes? No. F. Engels really believed that this proposition was observed under the conditions, for example, of the absolute monarchy of the 17th-18th centuries and the Buonapartism of the first and second empires in France. V.I. Lenin observed that such a situation had taken shape also in Russia in 1917 following the Provisional Government's transition to persecution of the working class, when the soviets led by petty bourgeois democrats were already impotent and the bourgeoisie was not strong enough to eliminate them. But these were special, specific conditions, which cannot be elevated into an absolute. F. Engels emphasized that the CERTAIN independence of state power is encountered only in the form of an EXCEPTION, and this power acts the part only of a SEEMING mediator, what is more.

The above-mentioned letter of F. Engels also deals with the relative independence of political power, in a different context, it is true. Responding to K. Schmidt's question concerning the interaction of this power with the movement of production, F. Engels emphasizes that among the interrelated forces economic movement is "the strongest, most original and most decisive". But "society engenders certain general functions, without which it cannot manage. The people appointed for this form a new branch of the division of labor WITHIN SOCIETY. They thereby acquire special interests in relation to those who empowered them; also; they become independent in respect of them, and the state appears" (11).

In the proposition quoted the problem is viewed from the angle of the relative independence of the state in the choice of economic policy, in the plane of its reverse influence on economic dynamics, from the standpoints of its performance of certain economic functions, without which society cannot manage. Here also the state relatively independently (as published), operating in the interests of "its" monopoly capital. As far, however, as the class nature of the state is concerned, it is as a whole, as F. Engels emphasized, "merely the expression, in concentrated form, of the economic requirements of the ruling class in production" (12).

V.I. Lenin showed that the fusion of a monopoly and the state has a perfectly definite purpose: actions of the machinery of state in the interests of monopoly capital and its continued domination. Otherwise this combination of them in a united, qualitatively new force would be nonsense.

FOOTNOTES

* Continuation.

1. MEMO No 1, 1987, p 65.
2. MEMO No 10, 1986, p 96.
3. See MEMO No 11, 1986, p 76; No 10, 1986, p 87; No 1, 1987, pp 64, 71.
4. See "American Capitalism in the 1980's. Normalities and Trends of the Development of the Economy," Moscow, 1986, p 97.
5. See A.V. Kunitsyn, N.P. Shmelev, "The United States and Problems of East-West Relations," Moscow, 1985, p 27.
6. See MEMO No 12, 1986, p 99.
7. K. Marx and F. Engels, "Works," vol 37, p 417.
8. K. Marx and F. Engels, "Works," vol 25, pt I, pp 481-482.
9. MEMO No 10, 1986, p 88.
10. MEMO No 1, 1987, p 72.
11. K. Marx and F. Engels, "Works," vol 37, pp 421, 416.
12. K. Marx and F. Engels, "Works," vol 21, p 310.

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DEVELOPMENT OF NORTHERN REGIONS OF AMERICAN CONTINENT

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 6, Jun 87 (signed to press 18 May 87) pp 99-105

[Article by G. Agranat: "Development of the Northern Parts of the American Continent"]

[Text] The present-day development of the northern parts of the American continent is different from the colonization of the vast Western expanses of the North American continent. Its driving forces were internal socioeconomic processes and also the continuous stream of immigrants who aspired to settle down on new land and start up their own farm. Transport routes, cities, factories and plants were built in the wake of the sweeping farming colonization. Development of the northern areas at the present time, however, is based almost exclusively on extractive, mainly mining, industry.

This itself predetermines the settlement of the territory, which is highly limited in terms of scale. Movement hither is dictated not so much by the objective needs of the national economy and the population of the country as by the interests of the monopolies, international primarily. The penetration of foreign capital, American particularly, and the process of internationalization of the economy are most pronounced in the Canadian North. The domination of foreign capital has largely intensified the already complex problems of these territories. They have proven to be completely dependent not only on the unsteady conditions of the world raw material and fuel market but also on the changing policy of the TNC.

Storehouse of Resources

The northern areas of the American continent (Alaska and the northern parts of Canada with an area of more than 6.8 million square miles and a population of approximately 1 million persons) represent a very important reserve of territory and resources of the developed capitalist countries.

Particularly important are the reserves of oil and natural gas, in terms of the quantity of which these areas are inferior, perhaps, only to the Near and Middle East. Among the states of the United States, Alaska even now occupies one of the first places in terms of oil production (approximately 80 million tons a year). The development of natural gas deposits in the north of Alaska

and the construction of a gas pipeline across Canada and the main U.S. states are planned. Oil- and gas-bearing areas of the shelves adjacent to the shores of Alaska and the Arctic and Northeast coasts of Canada are being actively explored.

Forecast estimates of the reserves of the oil and natural gas deposits in the northern parts of America are quite contradictory. But with any "fork" they are very impressive. Thus, according to certain data, the forecast oil reserves just of the Canadian Arctic (together with the shelves) constitute 4 billion tons, and of natural gas, 3 trillion cubic meters (1).

However, neither the U.S. and Canadian governments and private business are in any hurry to develop the oil and gas deposits in the difficult areas. The United States is managing as yet to cater for its fuel import requirements by supplies from the Near East and other developing countries. Canada's domestic requirements are comparatively small. In addition, measures to reduce the fuel consumption growth rate have assumed extensive proportions.

The exploration and development of the northern oil and natural gas deposits require tremendous capital investments. Just the first stage of development of the Canadian sectors of the Beaufort Sea will require, firms estimate, \$40 billion (in 1980 prices). We should add to what has been said the unstable conditions of the world market. The sharp reduction in the price of oil in 1985-1986 led to a winding down by many firms of prospecting operations in the Arctic. All this explains the extreme contradictoriness of the numerous forecasts of the production of hydrocarbon fuel in the north of the American continent. According to our estimate, up to the year 2000 the annual production of oil in the region will hardly exceed 150-150 million tons, and of natural gas, 30-40 billion cubic meters. It will probably increase at the start of the next century (2).

By a special decision U.S. President R. Reagan created in 1984 an interdepartmental agency for the Arctic and ordered the drawing up of a program for presentation to Congress of the exploration and development of this region. The decision said that the Arctic is a "storehouse of resources for the future," which could ensure the United States' fuel and power independence. An outline for selling off oil-bearing sectors, in the Bering Sea and the Sea of Chukhotsk included, to private firms was drawn up.

It should, however, be noted that a number of these sectors are located in areas whose affiliation to the United States is contrary to rules of international law and current conventions or, in any event, is disputed. The Americans are providing a distorted (to their benefit) interpretation of the existing Russian-American agreements on sea boundaries in the Pacific and Northern Arctic oceans, including the 1867 treaty on Russia's sale of Alaska to the United States (3).

The significance of Alaska and, particularly, the Canadian North as present and, to an even greater extent, future suppliers of other types of mineral raw material and fuel is very great. Forecast reserves of iron ore in the northern parts of Canada are put at many billions of tons. This region accounts for no less than 15 percent of the nickel and approximately 10 percent of the uranium

mined in the capitalist world. The production of lead, zinc, copper, asbestos, gold and other minerals is considerable, and the raw material base permits something of an expansion thereof. Alaska's minerals have been studied insufficiently, and major deposits of mining resources have yet to be discovered. However, according to geological estimates, 20 percent of existing reserves of nickel in the United States, 80 percent of tin reserves, 50 percent of the reserves of platinum group metals, 50 percent of hard coal reserves and so forth occur here.

A certain decline in activity in the development of the mineral deposits applies not only to hydrocarbon fuel but also to mineral raw material. This is connected with structural changes in production and technology, primarily with the reduction in the materials-intensiveness of products and the substitution for a number of natural materials of artificial and synthetic materials and also the use of secondary raw material. In addition, the position of mining industry is deteriorating in connection with the increased competition on the world mineral raw material markets, particularly on the part of the developing countries.

The reduction in demand has been reflected noticeably, for example, in the mining of iron ore in the Canadian North. In the past decade it has been unstable and has shown a tendency to decline (according to our estimate, 43.6 million tons in 1980, 36.1 million in 1985). The mining of asbestos, copper and certain other types of raw material is slack, and frequently the mines are closed for marketplace considerations for many months or a whole year. As a result the rate of development of the new areas has declined somewhat. Scientists' forecasts concerning their rapid development have not been justified.

The new areas are not only storehouses of physical natural resources. Their role as a reserve of vacant territory, which also should be considered a natural resource, will grow with every year. High saturation with industrial enterprises is confronting many developed countries with the problem of the location of new industries. This problem has become a most important aspect of economic policy in the United States.

As is known, big business is endeavoring to transfer the ecologically most dangerous enterprises (chemical particularly) to the developing countries. However, this neocolonialist policy is encountering growing resistance. There will come a time when it will be necessary willy-nilly to locate such industries more often within one's own country. Alaska and the Canadian North could then come to the fore. Incidentally, it is for this reason to a considerable extent that plans for the creation in Alaska of a big oil-gas-chemical industry are being drawn up (appropriations exceed \$2 billion). It is perfectly probable that the outlying territories of developed capitalist countries, including the American North, will be the scene of the location of the traditional sectors squeezed out of the central, long-developed areas by new, science-intensive industries.

There is one further, very critical type of natural resource of the northern parts of the American continent--fresh water. The U.S. western states have long encountered the problem of water supply. A giant (costing \$100 billion)

project for diverting part of the flow of the McKenzie and Yukon rivers from Canada to the United States was drawn up in the 1960's. However, Canada was not resolved to give up a valuable resource to its southern neighbor. In addition, the consequences of the diversion of the water for nature remained unclear, and the project was shelved. A new project, of far lesser scale, it is true, for diverting the flow of the rivers flowing into the James Bay (in the north of the country) southward--to the Great Lakes--and further to the West and Southwest of the United States was promulgated in 1986.

We would also mention one further resource of the North--hydropower. Strictly speaking, this region is the sole region in North America where major hydraulic power sections remain unutilized. According to various estimates, in the Canadian North alone hydropower reserves constitute no less than 25-30 million kilowatt-hours, they are somewhat less in Alaska. The construction of a hydroelectric power plant in the area of the James Bay with an installed capacity of more than 10 million kilowatt-hours is currently being completed. Power will be transferred to the southern parts of Canada and, possibly, the United States.

Role of the State

The difficulty of the problem of development of territory not rendered habitable has long made for a big government role in its development. This is all the more characteristic of our day, when man is moving further and further into the difficult northern latitudes. At the same time the extent and nature of government regulation are undergoing certain changes.

Several decades ago, when development of the new areas was only just beginning, this costly business, which is slow to pay for itself, did not always promise big and, even less, swift profits to private firms, and frequently was simply beyond them. Bourgeois governments consented at that time to appreciable assistance to private capital. It was expressed primarily in the creation of transport routes and other facilities of the infrastructure, tax privileges and frequently direct subsidies also. This was the long-standing practice of state protectionism at the time of colonization of new land.

The situation now is somewhat different. Under the conditions of chronic budget deficits the government is not in a position to render serious assistance at the time of the large-scale development of new areas, when, for example, the construction of a gas pipeline costs tens of billions of dollars. The financing is effected basically by the major monopolies or specially formed consortia. The government, on the other hand, grants tax concessions, helps the firms in the exploration and development of the deposits and builds roads. Endeavoring to strengthen in the North the positions of national capital, the federal and provincial governments in Canada are creating strong state firms for exploitation of the mineral-raw material and fuel and hydropower resources of the region and assuming supervision of environmental protection and also the expenditure on social programs.

At the same time it should be considered that the degree of government intervention in socioeconomic and industrial life changes frequently under the

influence of the domestic political and economic situation, and this is reflected in the development of the northern areas. Specifically, the process of deregulation and the lessening of the role of government which began with the assumption of office in the United States by the R. Reagan administration led to a cutback in social and ecological programs in Alaska. In Canada the government is playing a bigger part in the development of the northern areas than in the United States.

Structural Problems

The single-sector, narrow raw material focus of the economy of the new areas determines the instability of their development. There are many examples of mining and industrial centers having become ghost towns. Recent ones have been the closing in 1983 of the (Sheffervill) community (4,000 inhabitants), and in 1984, Gagnon (3,000) attached to the iron ore enterprises in the Canadian North. Mines, airfields, railroads, access track, power plants and other facilities of the infrastructure were abandoned.

Using Alberta Province as an example, the Canadian specialist L. (Teperman) maintains that the extractive sectors of the economy, which are dependent on extremely unstable market conditions, do not provide for lasting development of a territory. Matters are made worse by the fact that the assimilation is undertaken by foreign investors who are not interested in the development of Canadian regions (4).

Life itself is posing the question of the abandonment of narrow raw material specialization and the diversification of the economy of the new areas. The works of many American and Canadian scientists discuss the heavier processing of raw material, the development of manufacturing industry, on the basis of imported raw material at times, and the expansion of auxiliary and service industries, trade and supply functions and the recreational sphere. The Canadian expert K.J. Rea writes about the fact that it has long been time to begin the extensive "assimilation" and "development" of the North instead of "exploiting" it as a raw material colony (5). Alaskan specialists maintain that if special measures are not adopted, Alaska could experience "economic collapse" upon the depletion of the main oil deposits (6).

In Alaska elements of the diversification of the development of the territory are already noticeable. The strengthening of the local bourgeoisie and the endeavor of the state authorities, customary for the United States, to strengthen their autonomous position in the federal hierarchy are contributing to this. A relatively large system of auxiliary and service industries (cement and other construction materials enterprises, small-scale engineering and others) has arisen; an oil, gas and chemical industry, the scale of which it is contemplated increasing considerably, has appeared; services and tourism are expanding. Cities and communities with a well developed social infrastructure are growing.

This intensification is occurring to a considerable extent thanks to the state's redistribution of the increasing tax payments of the mining companies. In 1985 receipts of the Alaskan budget from the oil industry companies were put at \$3.6 billion. Federal budget allocations, however, declined

considerably. Whereas in 1962 they constituted 34 percent of budget revenue of the state, in 1980 they amounted to only 12 percent (this indicator was 20 percent for all states on average). The adduced figures reflect the fact that the original government subsidizing of development of the infrastructure, services and so forth contributed to the territory, which had not been rendered habitable, being able to "stand on its own feet". The so-called multiplier effect operates here (7).

"Regional savings funds" are being created in Alaska and Northern Canada from firms' tax payments (1985 they constituted in Alaska the impressive amount for the state of \$6 billion). The funds are intended for the full or partial financing of the construction of unprofitable enterprises of extractive and, particularly, manufacturing industry and the development of transport, trade, services and tourism, that is, all that will help preserve the social and economic tone of the territory in the event of depletion of the main deposits of oil, natural gas and other minerals. An emphasis on long-term programs and attempts to strengthen the long-term significance of government capital investments, sometimes to the detriment of current programs, which is characteristic of the contemporary economic policy of industrial capitalist countries, is reflected here to this extent or the other (8).

The development of a diversified economy and the more extensive and firmer assimilation of new areas are not providing in many cases for the rapid acquisition of sufficiently high profits and do not correspond to the traditional cost approach. Huge natural and material resources are involved in the economic turnover, the S&T revolution is developing rapidly, there is a rapid change in technology and, correspondingly, in the need for this type of raw material and intermediate product or the other and new restrictions on development such as the ecological factor are appearing. Under these conditions it is difficult to expect any precise evaluation of expenditure and results from a long-term angle, and there is increased uncertainty and risk. The latter is particularly pronounced at the time of the financing of business projects under the difficult and unpredictable conditions of the unassimilated territory of the North.

Venture credit-banking companies are contributing to the development of private enterprise initiative in the North. They are financing small entrepreneurial firms working in pioneer, basic research fields. The said companies do not initially demand interest on the credit, contenting themselves with a share of the profits of the entrepreneurial firm to which credit has been extended after it is able to stand on its own feet. Ultimately the credit-banking companies are evidently not left with a loss.

It should be emphasized that the diversification of the economy and special methods of financing contributing to the broader assimilation of the territory are as yet merely a trend. The main levers of the development of areas which have not been rendered habitable are in the hands of the leading national and international monopolies, which are endeavoring, for all that, primarily to obtain raw material and fuel as cheaply as possible. The realization of large-scale long-term projects often proceeds with great difficulty.

Thus realization of the long-approved Alaska-Canada-main areas of the United

States gas pipeline project costing \$40-50 billion is being deferred from year to year, and a timeframe for its construction has still to be determined.

Elements of diversification in Alaska are largely connected with its conversion into a military-strategic springboard and support base for the United States' penetration of the Pacific and the Arctic. Nine percent of the state's entire employed population (22,000 of the 241,000 in 1982) works in military establishments, whereas only 4 percent works at mining enterprises constituting the basis of the economy (it accounts for 55 percent of the state's gross product) (9).

It needs to be mentioned also that the elements of diversification of the economy are almost unnoticeable in such a comparatively economically and sociopolitically underdeveloped area as the Canadian North. Plans for the broader development of the territory and the creation of new sectors of the economy are arising here also, but they have proved ineffective as yet judging, for example, by the above-mentioned iron ore area.

S&T Progress and Problems of the Ecology

S&T progress is a most essential factor of the development of the new territories. The movement of production and the population to the stern and inaccessible areas would in itself be practically impossible without the development of aviation, unit construction and the creation of diverse hardware components and technology specially adapted to extreme natural conditions. Such tasks, for example, as the exploration for and exploitation of the oil- and gas-bearing continental shelves of the Arctic seas simply could not have been set 25-30 years ago.

Fundamental significance for the development of the remote areas which have not been rendered habitable is attached to the introduction in all spheres of activity of automated facilities and also new technology based on microelectronics, robotics and flexible engineering systems. These radical innovations are sharply reducing the laboriousness of production and contributing to the increased profitability of medium-sized and small enterprises with a long list of products, which, moreover, may be changed very quickly. This is important for new areas, particularly in the initial period of their development, when problems of securing labor resources are the most painful, and the size of manufacturing industry enterprises cannot be that appreciable.

The said factors are contributing to the development in the North of local enterprise and also the location here of the affiliates of national and transnational monopolies. As American specialists write, given the current level of engineering and technology, development of the resources of the North, even under such difficult conditions as on the sea shelf, is economically entirely profitable (10).

The intensive development of the northern territories under the impact of S&T progress is closely connected with problems of ecology. Objective present-day realities require serious measures to protect the environment and regulate the use of nature. The nature of tundra, forest tundra and the northern taiga

areas is particularly sensitive to any kind of man's activity and for this reason is in need of an exceptionally solicitous attitude, frequently, quite strict restrictions in production and other spheres. Yet the monopolies attracted by the region's natural resources are disregarding this, which is fraught with the most serious consequences.

The governments of Canada and the United States have been forced to adopt generally quite strict measures to protect the natural environment in the North. In 1980 the J. Carter administration extended considerably the network of specially protected territory. Following this, almost one-third of the territory in Alaska was set aside for reservations, national parks and such. The situation changed appreciably with R. Reagan's arrival in the White House. In the interests of the mining monopolies and the military department the dimensions of the specially protected territory were reduced and nature-conservation conditions relaxed (11). In Northern Canada the protected territory occupies, it is estimated, no less than 25 percent of the area. Nature-conservation measures in connection with navigation in Arctic waters, geological prospecting, mining activity and the laying of oil and gas pipelines have been adopted. The development of tourism serves as a significant incentive to the protection of nature in the North. The number of tourists visiting Alaska and the Canadian North reaches 1.5 million in some years. Income from tourism in Alaska alone amounted to over \$600 million in 1984.

Indigenous Population

The situation in Alaska in the Canadian North testifies that capitalism preserves elements of colonial policy even within its own territory (12). It is a question of the position of the indigenous population of this region--approximately 150,000 Indians, Eskimos and Aleuts. After centuries of vegetation, frequent periods of starvation and, in many cases, physical extinction, the aborigines have in the past 25-30 years joined in an active struggle for their rights.

Under pressure from public opinion the governments of the United States and Canada were forced to satisfy a number of the aborigines' demands. A new form of relations between the indigenous population and the state is the payment of monetary compensation for land selected for industrial construction and road building and also the allocation of a number of territories for predominant use by the aborigines. This forced measure is convenient for bourgeois governments in that it creates the appearance of the restoration of historical justice in respect of the indigenous nationalities, at the same time sparing the former the need to render them assistance.

The question of the demands and rights of the aborigines has been a principal one in all government programs for the North and political debates concerning ways to develop this region, particularly in Canada. The aborigines of Alaska and the Canadian North have the good example of the success of Greenland's Eskimos, who in 1979 achieved autonomy within the framework of the Danish state.

Despite certain sociopolitical achievements, the position of the indigenous

population of Alaska and the Canadian North remains difficult, and the paths of their further development are extremely uncertain. The traditional sectors of the economy (trapping, hunting, fishing, sea hunting) have been undermined as a result of the depletion of hunting-trapping resources. In addition, these sectors by nature no longer correspond to the increased level of the aborigines' socio-cultural development.

At the same time attempts to adapt the aborigines to work at industrial and transport enterprises, in geological prospecting and other expeditions and in the service sphere have been insufficiently effective. The possibilities of obtaining such work, particularly in communities scattered over a huge territory, are limited for the aborigines. The low educational qualifications and ethno-cultural specifics of the Eskimos and Indians narrow these possibilities even further.

Lengthy disputes have been going on among scientists and public figures of the United States and Canada: what is best for the northern aborigines--reliance on traditional activities or transition to wage work? These arguments are to a certain extent moot since the process of destruction of the old tenor of life and the increased influence of the newly arrived capitalist civilization is irreversible.

The living conditions of the aborigines of the northern areas of America are difficult. In 1979, almost 10 years since the start of the payment of monetary compensation, the average income of the indigenous inhabitants of Alaska constituted only 56 percent of that of nonindigenous inhabitants (considerably less, according to other data). In 1980 the living standard of 23 percent of aborigines was below the official poverty line, mortality among them was almost 2.5 times higher than among nonindigenous inhabitants and the number of deaths from alcoholism, suicide and nervous-psychiatric illnesses had increased sharply (13). At the same time a process of capitalist stratification is under way, and "native" operators and businessmen close to the so-called "regional native corporations" set up on the basis of government compensation who did not exist previously are separating out among the indigenous inhabitants.

The policy of the governments of the United States and Canada has not produced a solution of the socioeconomic problems of the northern nationalities. It is taking into consideration insufficiently their needs and interests determined by ethnic and cultural singularities. Representatives of Canada's northern Indians have spoken about this, *inter alia*, at sessions of the government commission which studied the problems of the North at the end of 1983: "We want to control our social development ourselves, we do not want this development controlled from outside" (14).

Military-Strategic Springboard

The Canadian North and, particularly, Alaska play an important part in the system of basing of the armed forces of the United States and NATO. The role of strategic U.S. springboard in the Pacific was assigned Alaska from the time of its very purchase from Russia. It subsequently became a base for trade and economic expansion in Northeast Russia and the organization here of military-

political adventures (specifically, in respect of Wrangel Island). Since the first postwar years Alaska has been a basic component of American imperialism's "polar strategy" (15).

Depending on the military-political situation in the world and the military-technical doctrines of imperialist circles, the purpose of the northern springboard has changed somewhat. Originally, in the 1940's-1950's, it was a springboard directed toward the USSR for strategic aviation with nuclear bomb payloads. Major air bases were fitted out in Fairbanks and Anchorage (Alaska). At the end of the 1950's the United States built along the Arctic coast a long-range warning radar line. Then stations for the early warning of ballistic missiles coming from the direction of the North Pole were created. The military department created bases on the drift ice of the Central Arctic. At the time of the United States' aggressive war in Korea in the 1950's Anchorage was an air base supporting USAF operations. In 1984 the route of the well-known spy flight to the USSR of the Boeing 747 belonging to a South Korean company lay across this airfield. "Alaska and the Aleutians," the West German press observed, "have become an area of military bases and a center of espionage against the USSR" (16).

In the past several years measures to make the northern areas a multipurpose military springboard have assumed particularly great proportions. A network of medium-range missile launchers is being developed in Alaska. A large naval base is being built at Adak (the Aleutians), and, judging by a speech in the summer of 1986 by the U.S. secretary of the navy, other bases, "which are important for the United States' national interests," will be built and reinforced. A fundamental modernization of the radar warning line is being undertaken, and 52 new stations are being built on the Arctic shoreline from Alaska to Greenland. Tests of American cruise missiles are being carried out in the Canadian North. It is planned using the Arctic shoreline to base nuclear submarines.

The United States' military preparations in the North are giving rise to protests on the part of its inhabitants. The population of Alaska has no wish for it to be a "ball in the United States' global game". According to a poll conducted back in 1982, 58 percent of the inhabitants of the largest city, Anchorage, and 53 percent of the population of the capital of Alaska, Juneau, were opposed to the deployment of nuclear weapons on the territory of their state (17). In 1983 the International Eskimo Organization demanded a ban on the deployment and testing of cruise and other missiles in Alaska and the Canadian North.

The interest in the Arctic regions shown by NATO and the CIA, which are engaged in a study not only of military, in the narrow meaning of the word, but also economic and other problems of the northern areas, including those located within the USSR, is indicative (18).

The northern parts of Canada are a very old subject of Canadian-American political and economic contradictions (19). A recent example of this was the navigation in 1985 of the powerful American icebreaker "Polar Sea" of the Northwest Passage, that is, around the northern shores of America, through straits of Canada's Arctic archipelago. The Americans did not consider it

necessary to seek permission for this journey, as stipulated by Canadian laws. This action gave rise to public anger and animated debate in the Canadian Parliament. It was resolved to strengthen Canadian sovereignty in the Arctic de jure and de facto, specifically, to build a new 100,000-h.p. icebreaker at a cost of \$500 million (20). During R. Reagan's official visit to Canada in April 1987 the problem of sovereignty over the Arctic areas was a principal topic of his talks with B. Mulroney, head of the Canadian Government, but no results were achieved, however.

The said problems show how manifold are the aspects of the development of the northern areas of the United States and Canada. However, the analysis thereof reveals the absence of a common policy and common development concept, which is acknowledged by scientists, specialists, public figures and representatives of government departments of the two countries. To a certain extent this is connected with objective factors--the natural-economic complexity of the region itself and the unstudied nature of many problems of its development. Aside from this, the absence of such a concept testifies that under capitalist conditions it is impossible or, at least, exceptionally difficult to coordinate and combine the interests of different groups of the population, particularly the indigenous inhabitants, big business and local entrepreneurs, and simultaneously tackle tasks of nature conservation and satisfy all the firms' demands.

It cannot be said that the United States and Canada are doing nothing to elaborate a strategy of development of the North. Such attempts have been made for 10-15 years now. The supporters of "ecological alarmism" called for the total conservation of the as yet "untouched" territories, primarily the North, and a sharp limitation of or a complete ban on any industrial activity there. Subsequently the demands became more moderate, although the endeavor to curb the scale of exploitation of the resources of the northern areas, and not only from ecological considerations, has continued. Attempts are being made to take into consideration various aspects of the process of development of the region: effective environmental protection; problems of the indigenous population; diversification of the economy; exploitation of renewable resources and the creation of a so-called "balanced economy"; fuller habitation of the territory.

However, the concepts which are being developed--and this is acknowledged by their authors even--are not providing for the rational development of the northern areas. Thus the commission studying the ecological and socioeconomic consequences of the anticipated development of oil and gas deposits in the Canadian Arctic, which worked in the period 1981-1984, concluded that a clear idea concerning ways to develop the North had yet to be formulated (21). An analysis of the most important questions of the development of the northern parts of the American continent confirms the difficulty, if not impossibility, of the solution of complex regional socioeconomic and industrial problems under the conditions of present-day capitalism.

At the same time the experience of the development of the northern parts of America contains many aspects of definite scientific and practical interest. The significance of this experience grows in the light of the tasks pertaining to the comprehensive development of new areas set by the 27th CPSU Congress

and broached in the speeches of M.S. Gorbachev in Tyumen (September 1985) and Vladivostok (July 1986).

FOOTNOTES

1. PETROLEUM REVIEW No 457, 1985, pp 16-18.
2. The transport construction programs testify to the wide-ranging long-term plans for exploitation of the resources, fuel primarily, of Alaska and the Canadian North. It is contemplated, specifically, building by the year 2000 some 10-15 icebreaker tankers with a dead weight of 200,000-300,000 tons and 100,000-150,000-h.p. icebreakers. Giant submarines for Arctic navigation with a freight capacity of up to 125,000 cubic meters and also surface ships for the transportation of liquified gas with a capacity of 165,000 cubic meters are planned.
3. For more detail see MEMO No 6, 1986, pp 31-39. In development of the propositions of this article mention has to be made of the very sale of Alaska, which was the result primarily of the growing expansion of the United States and the unpatriotic policy of the tsarist government. The question of the circumstances of the sale merit additional investigation, the more so in that, availing themselves of the inadequacy and confusion of archive and literary sources, a number of American historians are glossing over or distorting instances of American expansion in Russian Alaska and threats by the United States to seize it (see on this "Annals of the North," 2d inst., 1957, pp 247-255; SShA. EKONOMIKA, POLITIKA, IDEOLOGIYA No 4, 1985, pp 87-95).
4. See SOCIAL INDICATORS RESEARCH No 1, 1985, pp 51-67.
5. See K.J. Rea, "Political Economy of Northern Development," Toronto, 1976, pp 360-378.
6. See "Alaska Resources Development. Issues of the 1980's". Edited by T.A. Morehouse, Boulder, 1984, p 204.
7. See ALASKA REVIEW OF SOCIAL AND ECONOMIC CONDITIONS No 4, 1983, pp 1-20; No 1, 1984, pp 1-36.
8. See "New Trends in State-Monopoly Regulation of the Economy of the Main Capitalist Countries," Moscow, 1981.
9. ALASKA REVIEW OF SOCIAL AND ECONOMIC CONDITIONS No 1, 1984, p 10; ZEITSCHRIFT FUER ERDKUNDEUNTERRICHT No 1, 1986, pp 15-20.
10. See SEA TECHNOLOGY No 4, 1986, p 18.
11. See ENVIRONMENT (USA) No 7, 1986, p 218.
12. Some American lawyers rightly have maintained that on the question of the rights of the indigenous population of Alaska the United States has from the outset been in violation of the 1867 treaty, which provided for the

endowment of a large part of this population with "all the rights, advantages and inviolability of U.S. citizens" (G.W. Spicer, "The Constitutional Status and Government of Alaska," Baltimore, 1927, p 37).

13. ALASKA REVIEW OF SOCIAL AND ECONOMIC CONDITIONS No 3, 1984, pp 1, 12; DEVELOPMENT AND CHANGE No 1, 1985, pp 123-145.
14. See NORTHERN PERSPECTIVES No 3, 1984, p 1.
15. See MEMO No 6, 1986, pp 31-39; No 9, 1958, pp 117-125; "The American North," Moscow, 1950, pp 15-76.
16. See ZEITSCHRIFT FUER ERDKUNDEUNTERRICHT No 1, 1986, p 18.
17. Ibidem.
18. Thus within the NATO framework symposia have been conducted on problems of oil and gas in Western Siberia and also on systems research in the Arctic. The CIA issued the "Atlas of Polar Regions" in 1978.
19. R. Rohmer, the Canadian businessman and commentator, published back in 1974 a bestseller on the threat of the United States' seizure of the Canadian North (see R. Rohmer, "Ultimatum. Oil or War," Markham, 1974).
20. MARINE POLICY No 4, 1986, pp 243-257.
21. See NORTHERN PERSPECTIVES No 3, 1984, pp 1-3; R. Rage, "Northern Development: the Canadian Dilemma," Toronto, 1986, pp 361.

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FRG WORKER PARTICIPATION IN PRODUCTION MANAGEMENT

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 6, Jun 87 (signed to press 18 May 87) pp 111-118

[Article by T. Matsonashvili: "The SPD and the Problem of Worker Participation in Production Management"]

[Text] For many years the working people of capitalist countries have been fighting to participate in enterprise management and influence economic policy. In the workers movement democratic control over production is recognized as a pressing requirement. Mass unemployment not only has not relegated to the background the struggle for its establishment but has imparted new impetus to it. Democratization of production management is seen as a most important means of defense of the interests of the working class under crisis conditions (1). The working people are endeavoring to influence the solution of such important economic questions as capital investments policy, employment, the location of production and the introduction of new technology, that is, it is a question of invasion of the spheres determining the economic power of capital.

In the FRG the working people's endeavor to democratize production management has developed into a specific form of struggle for the participation of workers and employees in management of enterprises and the economy (2) (Mitbestimmung) and become a most important direction of the class struggle.

Mitbestimmung in the Social Democratic Conception of Reforms

Debate on this question was conducted in the SPD for many years following WWII; all the party's program documents contain the demand for the granting to wage workers of the right to participate in the management of enterprises and the whole economy; the social democrats regard it as "an organizing element of the economy and society" aimed at the democratization of all its structures. W. Brandt believes that this is the "sole means of coping with the growing problems of the industrial society."

Rightwing social democrats, who in the 1950's-1960's called the tune in the SPD on a number of issues, understood by participation primarily "social partnership" for the purpose of maintaining class peace. The view of participation as a means of control over the economic power of the big

monopolies had become predominant in the party by the start of the 1970's under the influence of the strengthened left wing. This approach rejects the subordination of the interests of the workers to capital and recognizes the existence of contradictions between them.

Leftwing social democrats believe that as a result of the constant pressure of the working masses on the bourgeois state objective opportunities have appeared in the FRG for the implementation of "anticapitalist structural reforms," one of which they consider the introduction of parity participation at all levels together with nationalization of the key sectors, government regulation of capital investments and reference economic planning.

A positive feature in their conception is the principle of struggle for participation "from below". However, they exaggerate its significance as a means of "surmounting the capitalist system" and also absolutize participation at the workplace, whence, they believe, a "fundamental process of democratization" may begin. The supporters of this idea see the main conflict of capitalist society not in the form of ownership of the means of production but in the method of the adoption of decisions on the disposal thereof.

In the last decade the question of the democratization of production management has acquired a new dimension in connection with the problem of the regulation of capital investments under the conditions of the acceleration of S&T progress. Attempting to improve the conditions of the realization of capital and increase the competitiveness of their enterprises, West German employers have been channeling an increasingly large proportion of capital investments into technology replacement and efficiency promotion (approximately 80 percent and more in the mid-1970's), while expenditure on an expansion of production has been declining. This is leading to the inordinate intensification of labor and the elimination of jobs.

This gave rise to intraparty debate on the regulation of capital investments, which assumed particular seriousness at the time the "Reference Program of the SPD up to 1985" (3) was being drawn up. In the period of discussion of its first and second drafts the left advanced a number of proposals aimed at democratization of the capital investment decision-making process. A document entitled "Democracy and Equality" was drawn up by the Young Socialists in the SPD organization specially for the congress (Mannheim, 1975) at which the Reference Program was approved. It closely linked the demand for democratization of the capital investment decision-making process with participation via representative organizations like sectoral and regional economic and social councils united in a federal council. These councils were to adopt decisions on capital investments based on a general economic reference plan confirmed by the Bundestag. In the opinion of the Young Socialists, the goal would be achieved if a "uniform conception of participation" were practiced at all stages.

However, H. Schmidt and other representatives of the right opposed direct intervention in the capital investment decision-making process. The congress in Mannheim turned down the idea of direct regulation, proceeding from the fact that it would be contrary to the SPD's Godesberg Program. Following this, the demand concerning economic and social councils was left hanging for a long

time also.

Nonetheless, the growth of the influence of the left wing of the SPD (this was manifested, for example, in the use of the term "counterauthority") was noticeable throughout the Reference Program (4). It emphasized that private capital frequently thwarts government decisions determining the country's economic development. For this reason it is necessary "to augment wage workers' rights to assistance and participation, which characterize the COUNTERAUTHORITY (here and subsequently the emphasis is mine--T.M.) of the labor unions" (5) and expand the sphere of influence of the state on the activity of the big companies.

As far as the functions of participation are concerned, the program attached the greatest significance to curbing the economic power of the big companies. What was new was the endeavor to impart to participation the function of assisting the coordination of measures of government policy pertaining to the regulation and planning of economic processes. It was pointed out that the market mechanism is not capable of coping with a number of important problems. An urgent task of social democracy is to systematically enhance the state's capacity for planning the development of the infrastructure, measures of structural and energy policy, R&D and the use of raw material resources.

However, the Reference Program proceeded from notions of continuous economic growth, which cannot be expected. By the start of the 1980's the SPD still lacked a fundamental conception of the accomplishment of the tasks born of the crisis and the new phase of the S&T revolution, which the social democrats call the "third industrial revolution".

At the SPD's Munich congress in 1982 the party leadership attempted to propose a "strategy of renovation" of the economy, having changed fundamentally the correlation of goals of economic policy. Whereas in the 1970's the social democratic "magic square" had incorporated as equivalent principles economic growth, full employment, stability of monetary circulation given a balance of foreign trade and a fair distribution of income and property, the "priority of priorities" now was the elimination of unemployment under the motto "Work for All". A most important role in the decisions of the Munich congress was assigned participation. A decision was adopted on the elaboration of a new conception of economic democracy with the incorporation therein of worker participation at all levels. The increased significance of democratization of the economy was a logical result of the critical analysis of the long experience of the pursuit of economic policy "from above" by way of reacting to intensifying problems via the adoption of technocratic decisions under the pressure of day-to-day circumstances.

The SPD did not, however, succeed in upholding its program of renovation of the economy in the coalition with the bourgeois FDP, which since the mid-1970's had been opposed to a policy of active government intervention in the economic and social spheres of the life of society and an extension of the parity model of participation to all sectors.

The resolution of the Munich congress was the basis for the social democrats' elaboration of the concept of a renovation of government regulation of

economic processes with the inclusion of participation. It adopted decisions corresponding to wage workers' long-standing demands concerning a broadening of their right to participate in the management of production at all levels.

Positions of the German Trade Unions Association and Civil Servants Association

The biggest West German united trade union center, the German Trade Unions Association (DGB), many of whose officials are social democrats, works in close interaction with the SPD. The party actively supports a number of the unions' demands. For many years the DGB has been conducting a tense struggle against the employers' intention to narrow the sphere of application of the 1951 law on parity participation in metallurgical industry, block its extension to other sectors and reduce the working people's participation in management via wage rate agreements.

An acute conflict, which acquired political significance, occurred in the summer of 1980 in the Mannesmann concern, whose board attempted to exempt it from the 1951 law (6).

The SPD Bundestag faction compiled a bill in accordance with the demand of the DGB on guaranteed parity participation in metallurgical industry, but was unable to uphold it owing to the opposition of the rightwing bourgeois CDU/CSU bloc and its own partner in the government coalition--the FDP. A bill on a change in the rules of participation in metallurgical industry, which not only restricted trade unions' rights compared with previous laws but also jeopardized the parity model altogether, was ratified in May 1981. The unions believe that it is this model which is of great social and political significance as "the foundation for the comprehensive democratization of the economy".

In the fall of 1982 the DGB came out with a new initiative on this question. A bill on participation at large-scale enterprises for all sectors designed to replace the 1976 law (7) was drawn up. The bill provides for parity, an augmentation of union rights and single representation of wage workers on the observation councils. At the center of the proposals was realization of the old demand of the unions concerning the creation of an institution of participation on the scale of the entire national economy via a system of economic and social councils. The DGB advanced it as an alternative to the policy of global regulation of the economy, which had not justified itself.

During pursuit of this policy, A. Pfeifer, member of the DGB Board and social democrat, wrote, questions as to "WHAT was being produced WHERE AND FOR WHOM were left to the market, and the regional and sectoral structure, to spontaneous development" (8). Political representatives of the lands, neighborhoods and communities did not participate in decision-making, and the unions were left on the sidelines altogether, although the government had endeavored via "concerted action" to win the loyalty of its social partners in respect of the measures implemented for the purpose of global regulation.

The concept of the working people's participation on the scale of the entire economy links, the social democratic officials of the DGB believe, the market

mechanism of self-regulation with general planning at all levels--federal, regional and local. It contains new elements which are unprecedented in the FRG's economic practice: institutionalized assistance (9) to the shaping of economic policy decisions and a long-term structural policy which prevents incorrect sectoral or regional development, and not simply the removal of its consequences. For its implementation the coordination of instruments of economic policy in the form of a reference plan and the differentiated regulation of capital investments are essential.

From the viewpoint of DGB social democrats, a comprehensive system of participation at all levels combined with a wage rate policy would not only make an important contribution to ensuring employment but would also promote the social orientation of the S&T revolution.

The development of technology has moved to the fore problems which can hardly be solved to the benefit of the working people without a broadening of their rights. The introduction of new technology demands big outlays, but at the same time affords enterprises an opportunity by way of a reduction in the number of jobs and the increased exploitation of those employed to compensate for the reduction in profits brought about by recession and the crisis phenomena in the economy and international competition.

Endeavoring to ensure that efficiency promotion not lead to negative consequences for the working people, the unions are struggling for a reduction in work time, an increase in the training period and leave, a reduction in the intensification of labor, an improvement in information concerning enterprise activity, the conditions for worker improvement, their participation in the planning of production and supervision thereof and democratization of the organization of labor decision-making process. It is a question of transferring to the working people in the shop and workshop and at the enterprise some of the functions of management.

The DGB social democrats played a considerable part in ensuring that the SPD's conception of reforms include provisions aimed at the democratization of the management of production on the scale of the whole economy and on the need for the development of technology to be put under the supervision of the working people.

The Civil Servants Association (AfA) (10), which exists within the SPD, attaches tremendous significance to study of problems which have been intensified in connection with the "third industrial revolution" and a quest for a solution thereof in the interests of the broad working masses via participation.

In accordance with the intention of the founders (the "father" of the association is considered H. Wehner, prominent SPD figure of a rightwing persuasion, who was for many years chairman of the Bundestag group), the AfA was to strengthen the party's ties to the social democratic groups at work and stabilize relations with the unions and the worker masses as the nucleus of its electorate. The weakening of the SPD's traditional ties to the workers in industry and the need to strengthen them were thus indirectly acknowledged. At the same time, however, the founding of the AfA was an attempt to create a

"counterweight" obedient to the party leadership to the influence of the intraparty opposition of young intellectuals from the Young Socialists in the SPD organization with their leftwing socialist theoretical searchings (11). However, the association adopted independent positions, directly reflecting in its demands the interests of the workers and employees.

Differences between representatives of this organization and the SPD leadership came to light even at the first conference in Duisburg. Afa members consider the FRG state "their state," but refuse to recognize its economy as "their" economy (12). Their main demands pertaining to participation were identical to those of the DGB: parity representation of labor and capital on company observation councils, elimination of the special representation of executives and a strengthening of the rights of the unions. The delegates expressed anger at the compromise policy of the SPD leadership on the question of the reform of participation at large enterprises and in concerns.

At conferences in Bremen (1975) and Saarbruecken (1977) the strengthened Afa put to the SPD leadership the questions which had assumed the greatest urgency at the start of the 1980's: concerning the inadequacy of the existing set of instruments of economic regulation under the conditions of the lowering of the rate of economic growth, active policy in the sphere of unemployment, control of capital investments, a reduction in work time, reform of vocational education and worker improvement.

Whereas at the Bremen conference, which was held not long before the Bundestag elections, members of the association had shown restraint when discussing the policy of the SPD leadership, in Saarbruecken the criticism was harsh: very little was being done for the workers "from above". The delegates emphasized that the SPD leadership was imposing on the Afa the role of conduit of its decisions and opinions among the working people, caring not a fig for feedback.

Noting the independence of the Afa's position, its chairman, H. Rohde, emphasized that MANY OF THE DECISIVE DEMANDS OF THE FUTURE CANNOT BE REALIZED WITHOUT THE PARTICIPATION OF WAGE WORKERS. The FRG Constitution, he pointed out, contains a provision concerning the creation of a "social state," which presupposes participation (13). And if the wage worker's right to participation and the joint organization of economic and social progress is being questioned, the question of ownership must be raised (14). Thus the Afa came together in its demands with the DGB.

The years of 1979-1980 were for the Afa years of tense struggle to uphold and broaden the rights of persons of wage labor. Together with the unions its members attempted to begin a "social offensive" against the conservative turn in policy. In December 1979 the Afa specified proposals at its federal conference in Nuremberg on questions of economic, structural, social and energy policy. Differences with government policy came to light here. Chancellor H. Schmidt said in his speech at the conference that he "evaluates some points differently than the Afa," whose proposals, he believed, "look too far to the future" (15).

In Nuremberg the Afa demanded a new orientation of economic and social policy.

"The existing instruments of economic and social policy," the resolution emphasized, "are inadequate for securing qualitatively expedient economic growth with regard for social factors and factors of the environment." Joining with the DGB in the demand for a long-term structural policy for the purpose of the restoration of full employment, the AfA put forward a proposal for the elaboration of general plans of regional and sectoral structural policy and the organization at regional, land and federal levels of structural councils on a parity basis (representatives of wage workers, employers and the state) which would participate in the elaboration of these plans and could be an intermediate link of the path of the creation of a system of supra-industrial participation via the economic and social councils.

The document "Humanization of Working Life--A Policy for Wage Workers" (16), which reflected social democrats' reconsideration of their attitude toward technological changes ("not all that is new is good") and an endeavor to bring them under democratic control, was drawn up on the basis of the decisions of the Nuremberg conference. Pride of place was given to the demand for participation at all levels, and it was emphasized that it should extend also to the process of the adoption of decisions concerning the aims, methods and content of technological changes for they are primarily reflected in the position of the working people. The unions' participation in the elaboration of government programs of technology policy was envisaged and great attention was paid to specification of the demands concerning a broadening of the right to participate at the place of work.

The decisions of the AfA forums were prompting the SPD to discuss the pressing economic and social problems with regard for observance of the interests of the working people and the prospects of the development of West German society.

This was manifested distinctly at the AfA federal conference at the end of January 1984 in Karlsruhe. The main topic of discussion was the question of the taking into public ownership of the steel industry. The delegates posed the question categorically: inasmuch as, remaining in private ownership, the sector is incapable of emerging from the structural crisis, it is essential to transfer it to public ownership. Despite the fact that the AfA leadership and the representatives of the SPD leadership appealed to the delegates for moderation in their demands lest an exacerbation of the debate concerning ownership estrange part of the electorate from the SPD, the conference voted for a resolution on the creation of a national steel company, in which the decision-making process would be subordinate to democratic control.

Thus there is every reason to speak of a stimulation of the activity of the social democrats in the DGB and the AfA in the 1970's-start of the 1980's and a certain intensification and radicalization of their demands reflecting the mood of the workers and sometimes conflicting with the position of the right in the SPD.

Decisions of the SPD Essen (May, 1984) and Nuremberg (August, 1986) Congresses

At the SPD Essen congress the question of participation was once again raised in connection with the need to update the Program of Principles (the Godesberg

Program), considering the changes in the general conditions of economic and social development which had occurred since its adoption in 1959. The expectation of continuous economic growth, which would have ensured full employment, rendered less acute the struggle for income distribution and guaranteed the financing of government social policy, had primarily failed to justify itself (according to the forecasts of SPD economic experts, the scenario of the development of the FRG economy for the next 30 years anticipated a 1.5 percent annual economic growth given a 2 percent annual growth of labor productivity).

In addition, the program lacks an ecological aspect inasmuch as at the end of the 1950's the question of environmental protection was not as acute as at the present time. Finally, the document was imbued with the belief that S&T development would promote a rise in the living standard and do away with poverty. However, the "second industrial revolution" created considerable social problems, and the "third" has caused a number of difficulties. A certain left turn of the SPD leadership was expressed in the direct formulation of the question: "how to blunt the attractiveness of the market economy, which has been elevated to an absolute?" The sole conceivable alternative for the social democrats to the policy of the conservatives was a strengthening of the social aspect of the control of economic processes by way of the elaboration of the idea of a "democratically controlled market economy" in accordance with the previous ideas concerning the "mixed economy". This meant the incorporation of participation in the market economy.

The essence of the concept amounts to a modernization and democratization of the existing system for the sake of ensuring employment and ecological balance. It presupposes a reorientation of capital investments toward solution of the No 1 problem--unemployment.

The social democrats proceed from the fact that the formula advanced by H. Schmidt, "profits today are tomorrow's investments and the day after tomorrow's jobs," has not justified itself: although the profits of private capital have increased, new jobs have not been added. The working people are suffering, E. Breit, chairman of the DGB, wrote, from the fact that the employers dispose of enterprises' capital at their discretion (17).

Capitalist modernization of production is leading to workers being superseded by machinery. The social atmosphere in the country, prominent SPD figures are pointing out, is growing tense owing to the mass unemployment. P. Glotz, former federal secretary of the party, believes that the FRG "faces the most embittered social and political battles" in the latter half of the 1980's (18).

At the SPD Essen congress AfA representatives attempted to spark a wide-ranging debate on ownership, once again presenting the demand for the nationalization of the key sectors and banks long presented by the DGB and the left in the SPD. Despite the failure of this attempt, the question of nationalization of the steel industry raised at the congress by AfA representatives remained on the agenda. R. Dressler, the new chairman of the association, observed in his speech that the sector was in a state of severe crisis, although government subsidies had exceeded fixed capital many times

over. In the opinion of AfA members, it is necessary to rescue the sector to create a national steel production company based on parity participation, guarantee the preservation of all regional steel industry centers and orient investment, social and technology policy toward ensuring employment. Should this prove impossible, nationalization will be essential.

The new proposals of the unions and the AfA concerning participation were reflected in the decisions of the SPD's Essen congress inasmuch as they were closely linked with the general concept of social democratic policy under the conditions of economic recession and the "third industrial revolution". Its main landmarks were set out in the report of J. Rau, deputy chairman of the SPD and prime minister of the land of North Rhine-Westphalia, "The Third Industrial Revolution and the Future of Labor" (19).

The very title of the document reflects social democrats' new approach to the tasks of economic policy. "Labor," providing employment, has been put at the center. In order to cope with the transition to the "third industrial revolution," J. Rau declared, what is needed is modernization of a national economy of new quality and its social orientation ("putting technology at people's service"), which will be realized if the working people are able to participate in the adoption of decisions concerning technical innovations for the purpose of averting the possibility of their negative impact on employment and work conditions. Thus the need for public control of the development of technology brings the social democrats right to the point of the question of participation.

Another feature of the new social democratic concept of modernization--its ideological orientation--also presupposes a broadening of the working people's right to participate in the adoption of decisions on nature-saving technology and the creation of new jobs in the sphere of environmental protection (the so-called "second labor market," which is to help partially "absorb" unemployment).

The decisions of the Essen congress view participation as a prerequisite of successful structural policy whereupon changes in the implementation of which should not be effected "from above," contrary to the interests of broad strata of wage workers and their unions. The resolution adopted by the congress contains a proposition concerning the need for the elaboration of a new law providing for the participation on a parity basis for all large-scale enterprises and concerns.

The congress supported all the unions' demands concerning the right of participation at company level: decisions concerning the direction of capital investments, relocation of enterprises and efficiency promotion measures should be adopted given the equal participation of representatives of the working people with regard for their interest in guaranteed jobs, enhanced qualifications and improved work conditions. A broadening of the rights of the industrial councils not only in respect of all social but also economic questions is contemplated. The right to stop management's decisions at the time of implementation of certain economic measures is envisaged. Participation at the place of work is deemed essential, although this provision is not made specific.

And, finally, for the first time a decision of an SPD congress spoke definitely about participation in production management on the scale of the entire economy via the formation of regional, land and federal economic and social councils on a parity basis. It is a question of the participation of representatives of wage workers in the planning of structural development.

Thus the congress' decisions contain a new social democratic initiative in respect of participation, whose appearance was brought about both by objective factors (the change in the general conditions of economic and social development, the S&T revolution and conservative reaction) and subjective factors (the strengthening of the left wing in the SPD, wage workers' recognition of their tasks).

The new initiative was reflected in the elaboration of the updated Program of Principles of the SPD, the decisions of the Nuremberg congress (August 1986), at which the party's socioeconomic platform was adopted, and in bills presented in the Bundestag. These documents view parity participation at all levels as a central principle and means of progress along the path toward a "socioeconomic and democratic market economy".

On the basis of the decisions adopted by the Essen congress (1984) SPD experts drew up and submitted to the Bundestag two bills: on guaranteed parity participation in metallurgical industry and its extension to all large-scale enterprises and concerns of other sectors. This may be seen as an important contribution to the development of democratic control over production.

The social democrats themselves now recognize the inadequacy of the 1976 law on participation inasmuch as it fails to ensure parity and allows of the possibility of its "circumvention". They believe that the time has come for a new round of the struggle for participation and transition from defense thereof to the offensive, otherwise the entire concept could be in jeopardy.

According to the new bill, it is planned limiting the forms of companies in the FRG to three types (in order to preclude the possibility of their avoiding participation). Complete parity on the observation council is contemplated, and its powers in relation to the shareholders' general meeting will be increased considerably. The unions' influence in exercise of the right of participation will increase. The range of questions which are to be discussed and decided within the participation framework and the rights of the industrial councils will be extended.

The decisions of the Nuremberg SPD congress and the bills submitted by the social democrats testify that under conditions where capital has switched to an active offensive against the working class, having abandoned even maneuvering in a spirit of "social partnership," increasingly great significance in the policy of reforms of West Germany's social democrats is attached to the function of the transformation of society (in accordance with social democratic principles) in the direction of the increased defense of the interests of broad strata of the working people and an extension of their rights. West Germany's social democrats have elaborated and proposed to European forces of the left a common strategy of "antagonistic cooperation"

(20) with business, which, according to P. Glotz, will under the current conditions be of the nature of "position warfare". Participation is a most important component thereof.

It may be considered that in general outline the social democratic concept of participation at all levels of the economy has taken shape, although has not yet been linked in a single whole with such most important means of democratization as nationalization and the socially oriented planning of economic processes.

In opposition, the SPD is endeavoring to reveal the strictly social democratic profile of its policy for counterposing it to the policy of the ruling bourgeois parties. It is in this connection that participation is acquiring for social democrats importance as an instrument of the pursuit of an alternative policy in the economy, on the labor market and in the sphere of technology and environmental protection. With the help of elaboration of the participation concept social democracy is attempting to restore the lost confidence in it and consensus, which is essential for the SPD inasmuch as it is endeavoring to be the molding force of a new political culture establishing participation as an inalienable component of democracy in all spheres of the life of society.

From the Marxist viewpoint workers' participation in the management of capitalist production does not solve the question of a fundamental change in the social system but it would signify the working people's invasion of spheres of the economic process which previously were the prerogative of the employers. Wage workers have seen for themselves that "without participation in the solution of questions concerning the system of production they can at best influence merely the effects and not the causes of entrepreneurial decisions" (21).

Under the current conditions of the FRG, given the absence of a revolutionary situation, the Marxist substantiation of the need to support the working people's demands concerning participation in the management of the enterprises and the economy as a whole proceeds from Lenin's principles of the use of all means of struggle for the increased influence of the working class in the economy and society given the objective consideration of the sum total of mutual relations of all classes of the given society and consideration of the objective degree of development of this society and the relations between it and other societies (22). The struggle for participation at the present time is necessary to "do the maximum possible in the interests of the working masses and social progress" (23).

The winning of legislatively recognized effective participation would mean confirmation for the working people of the right to intervene in the process of the adoption of decisions with which they could achieve a change in the correlation of forces in their favor, "preventing the slide of cooperation with the employers into the channel of 'social partnership' understood as subordination of the interests of the working class to the interests of capital" (24).

FOOTNOTES

1. See "Consequences of Crisis: the Communists' Alternatives". International Symposium in Copenhagen (PROBLEMY MIRA I SOTSIALIZMA No 11, 1984, p 65).
2. The term participation (Mitbestimmung) used in the article means "participation in something with the right of decisive say" and "the adoption of joint decisions based on equal rights". Participation in the management of production should be understood as workers' equal participation in decision-making at all levels--at the place of work, in enterprise and company supervision and management bodies and in government organizations determining economic and social policy. It is thus that participation is understood by West Germany's Marxists (see the book "Mitbestimmung als Kampfaufgabe," Cologne, 1972). This is the sense in which the term "participation" is taken in the studies of Soviet scholars pertaining to the FRG, for example, in V.A. Vinogradov's book "Worker Control Over Production: Theory, History, Present Day," Moscow, 1983.
3. "Oekonomisch-politischer Orientierungsrahmen fuer die Jahre 1975-1985 inder vom Mannheimer Parteitag der SPD am 14 November 1975 beschlossener Fassung," Bonn.
4. For more detail concerning the Reference Program see B.S. Orlov, "The SPD. Ideological Struggle Over Program Principles," Moscow, 1980.
5. "Oekonomisch-politischer Orientierungsrahmen...", p 25.
6. The 1951 law extends to companies in which the proportion of metallurgical industry constitutes no less than 50 percent. If as a result of conversion of the company it declines, the effect of the law no longer extends to it. The law enacted in 1981 provides in this case for guaranteed parity participation, but only for 6 years--up to the end of 1987.
7. The law on participation at large enterprises enacted on 18 March 1976 fails to provide for parity, affords the owners of capital (for example, the chairman of the observation council, who cannot be elected against their will, has in the event of disagreements the casting vote) a number of advantages, guarantees executives special rights and weakens the role of the unions in the participation process. See G.M. Stepanenko, "Political Struggle in the FRG Concerning Questions of the Working People's Participation in the Management of Production," Moscow, 1980.
8. A. Pfeifer, "Voranschauende Strukturpolitik durch gesamtwirtschaftliche Mitbestimmung" (GEWERKSCHAFTLICHE MONATSHEFTE No 10, 1982, p 617).
9. Strictly speaking, the system of economic and social councils may be termed "participation" only conditionally--it is merely the coordination of interests and the formulation of alternatives at the preparliamentary level. The right of decision-making remains with parliament and the government.

10. The Civil Servants Association (AFA) was founded in Duisburg in October 1973 at a conference of social democratic workers and employees. It now represents more than 4,000 social democratic groups in industry.
11. See "Delineation and Shifts in Social Reformism," Moscow, 1983, p 222.
12. See U. Plener, "Systemstabilisierende Bemuehungen der SPD-Fuehrung um Arbeiter" (IPW-BERICHT NO 2, 1975).
13. "Bundeskonzferenz der Afa: Prellbock der Regierungspolitik" (NACHRICHTEN ZUR WIRTSCHAFTS- UND SOZIALPOLITIK No 7, 1977, p 24).
14. See F. Hoffmann, "Fuer eine beschaeftigungsorientierte Gesamtpolitik: zum Afa Bundeskongress in Saarbruecken" (GEWERKSCHAFTLICHE MONATSHEFTE No 8, 1977, p 529).
15. Quoted from R. Mews, "Afa-Konferenz" (NEUE GESELLSCHAFT No 10, 1979, p 952).
16. "Humanisierung des Arbeitslebens--Politik fuer Arbeitnehmer," Bonn, 1979. The "humanization of working life" concept which has been adopted by the social democrats links together participation at an enterprise, the right to a guaranteed job and satisfaction with the content of work and its conditions.
17. See E. Breit, "Arbeitnehmer tragen allein das Risiko" (WIRTSCHAFTSWOCHE, 14 June 1983, p 29).
18. P. Glotz, "Keine Angst vor Wuenschen" (DER SPIEGEL, 19 March 1984, p 122).
19. See J. Rau, "Die dritte industrielle Revolution und die Zukunft der Arbeit" ("SPD Parteitag Essen". 17-21 May 1984, 2d Day, Bonn, 1984, pp 68-83).
20. See P. Glotz, "Manifest fuer eine Neue Europaeische Linke," Bonn, 1985, p 88.
21. V.I. Maslov, "Management of Capitalist Production and the Class Struggle," Moscow, 1983, p 221.
22. See V.I. Lenin, "Complete Works," vol 26, p 77.
23. "International Conference of Communist and Workers Parties. Documents and Material," Moscow, 1969, p 326.
24. V.A. Vinogradov, Op. cit., p 409.

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"Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1987

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IMPORTANCE OF 'SELF-RELIANCE' FOR LDC'S

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 6, Jun 87 (signed to press 18 May 87) pp 118-124

[Article by L. Vinogradova: "The 'Self-Reliance' Concept--Content and Versions"]

[Text] The ideas of the maximum use of the available opportunities for development for the purpose of the creation of a modern economy without resorting to foreign assistance or having sharply reduced it have become widespread in the developing world since the start of the 1970's. Thus the birth of the "self-reliance" concept, which subsequently became the theoretical basis of national development strategies of the young states.

Many of the propositions of the concept formed the basis of the International Development Strategy for the Third Decade elaborated and adopted by the United Nations and also form the theoretical foundation of programs pertaining to the restructuring of world economic relations and economic relations between the developing countries advanced by the nonaligned movement and the Group of 77 within the framework of the struggle of the emergent states for the elimination of the neocolonialist system of exploitation and the establishment of a new international economic order.

An analysis of the basic propositions of the "self-reliance" concept and its various versions undoubtedly permits a clearer idea of the scale of the problems confronting the developing countries, as, equally, the directions of the search for ways and means leading to their solution.

I

The idea of "self-reliance" was advanced for the first time at the Third Conference of Heads of State and Government of Nonaligned Countries (Lusaka, 1970). The conference's decisions emphasized, specifically, the need for the emergent states "to build their expectations on self-reliance and for this purpose pursue a firm policy in the organization of their individual socioeconomic development, considering such a policy a priority task" (1).

Subsequently this concept came to be accepted as the basis of the strategy aimed at a restructuring of the national economy, in the course of which the

conditions are created for the removal of backwardness and dependence and economic structures arise capable of ensuring the accelerated development of individual countries. Economic decolonization in this case is viewed on the paths of a reorientation of economic priorities--instead of service of the interests of former metropolises (or the world market), the predominant satisfaction of the basic needs of the local population and its assured economic and social progress. "The vital center of the development process," G. Corea, then secretary general of UNCTAD, emphasized in 1977, "are the internal problems of the developing countries themselves. Consequently, the need for the elaboration of a new strategy and a new style of development--a strategy of eliminating poverty or satisfying basic needs--is exceptionally great" (2). This, in turn, presupposes the creation of a new economic structure, in which the role of internal factors should be sharply increased and dependence on external conditions diminished.

It is believed that a key feature in the process of economic restructuring in the developing countries should be an enhancement of the role of the domestic market. "The growth of domestic demand as a principal factor of national development--the term 'self-reliance' can thus be explained in two words" (3), the African economist G. Omo-Fadaka writes. Diversification of the domestic economic, primarily sectoral, structure of the "peripheral" countries, without which the surmounting of the dependence on the capitalist centers is inconceivable, is seen as another, no less significant, direction of change.

Great attention is paid here to the question of the search for technology adequate to the conditions of the developing countries. Many local scholars believe that imports of Western technology should be replaced entirely by national production with particular emphasis on labor-intensive technology. As the well-known "third world" scholars W. Haque (Bangladesh), N. Mehta (India), A. Rahman (Bangladesh) and Ponna Wignaraja (Sri Lanka) emphasize in the report "Towards a Theory of Rural Development," which was prepared for the Dag Hammarskjöld Foundation, the substitution of national technology for imported technology is vitally necessary for the creation of an economy based on self-reliance. Proceeding from the proposition concerning the existence of "nonadequate" exchange in world trade, the authors of the report believe that the influence of this factor and also the restrictive conditions of the transfer of capital-intensive Western technology and its failure to correspond to the conditions of the developing world (inasmuch as they require the high qualifications of the labor force) are hampering the young states' achievement of technological independence within the framework of an outside-oriented development strategy. "Technological development," they write, "should be based on local resources and the intrinsic initiative and needs of the local population; technology should be predominantly labor-intensive to ensure the optimum use of local resources and, primarily, that of which there is an abundance--manpower" (4). At the same time, however, certain authors express serious doubts as to the expediency of such a policy, believing that it would delay technical progress in the developing countries and that the "third world" would become a kind of "technological ghetto".

The purpose of industrialization implemented in accordance with the "self-reliance" strategy should be the creation of sectors which will be capable of catering for basic domestic requirements. The Indian economist A.K. Bagchi,

for example, believes that the genuine industrialization of the developing countries requires the creation of economic structures, technology and an organization of production which are geared to the solution of internal problems and which provide for strong internal relations between various sectors of the economy and groups of the population employed in various spheres of socioeconomic activity (5).

The use for internal needs of natural resources, which do not secure significant profits under conditions of an external orientation, and an increase in the degree of primary processing of raw material reaching the world market, just as a growth of industrial production (both import-substituting and export-oriented), would make it possible, supporters of the "self-reliance" concept believe, to do away to some extent with the difficulties which have manifested themselves particularly acutely in the majority of developing countries in recent years.

Diversification of the sectoral structure of the economy brings about a restructuring of the commodity structure of exports, an increase in the number of foreign trade partners and external sources of receipts of financial resources ("aid," credit) and so forth. Finally, an important direction should be the restructuring of the entire system of the formation of world raw material prices and also a change in the nature of the impact of the world market and the international division of labor on the economy of individual developing countries. "Self-reliance" strategy here is directly linked with the struggle of the developing countries for a new international economic order.

II

A number of supporters of the "self-reliance" concept proposes solution of the problems of the formation of the domestic market, accelerated development and increased labor productivity on the paths of a rupture with the "rich North" and economic isolation of the developing countries from the international division of labor as far as autarky. The isolationists consider impossible the complete elimination of differences in the levels of economic development between the developed and developing countries and maintain that the very formulation of this question is fundamentally mistaken. The emergent countries must completely sever their ties to the existing world economic system, developing by their own path, distinct from both capitalism and socialism.

The well-known African economist S. Amin, for example, maintains that "on the periphery the capitalist economy is so outwardly oriented and dependent that there can be no question of any 'interdependence' even." Foreign economic relations are not subordinate to the logic of domestic development but at the same time, however, are the driving force of the development of the periphery and determine its direction and tempo (6). In this connection he asks whether the periphery can base itself on self-reliance without withdrawing from the world system of the exchange of commodities, technology and capital. And, further, whether the developing countries can compel the world system to reorganize, creating a just and equal international division of labor. Taking as a basis the groundless idea of "nonequivalent exchange" in the form that it was formulated by the Western radical-left theorist A. Emmanuel (7), S. Amin

maintains that the entire mechanism of the development of the periphery inherited from the colonial era, "the capitalist model brought in from outside"--all this is a stage which has already been completed. The model of accumulation based on self-reliance is an objective reflection of the new, contemporary stage of the transformation of the world which began with the national liberation revolution. S. Amin anticipates as a basic condition for realization of the "self-reliance" model a rupture with the peripheral capitalist system (8).

Some supporters of the isolationist version of the concept believe that the copying of the industrialization of the developed capitalist countries is unacceptable for the developing world. The priority development of agriculture, as a result of which labor productivity in society as a whole will rise, the well-being of the population will grow and, accordingly, demand for industrial consumer goods will increase, is essential, they believe. A solution to a number of other problems (more even distribution of income, a reduction in unemployment and the migration of the rural population to the cities and others) arising at the present time in countries whose economic development is oriented toward foreign markets or import substitution will be found also. "Until now industry in the third world," S. Amin writes, "has been parasitical in the sense that the basis of its profits have been predatory (low--ed.) prices of agricultural commodities and also predatory financial terms without any acceptable compensation, which could have been ensured by an upsurge of agriculture. In order to correspond to the interests of the peasant masses industrialization should be concentrated primarily on an increase in labor productivity in agriculture" (9).

The question of what kind of economic laws would operate in a national economy based on self-reliance and developing in isolation from the world economy remains open in these theoretical constructions. Some authors propose a renunciation altogether of cost criteria, the reorientation of industrial and agricultural production toward the manufacture only of products of mass consumption for the domestic market, the creation of individual labor-intensive technology and implementation of a policy of anti-urbanization. "The following internal changes are essential," the Arab economist F. Mansour writes. "First, all third world countries should exercise full control over their economic and other resources. Second, each country must use national resources directly for satisfying the basic needs of its own population; a rational model of consumption should be created instead of copying the models which exist in highly developed Western countries.... Third, the enthusiasm, energy and creative power of the people's masses should be mobilized in full for economic and social reconstruction purposes. Fourth, technology corresponding to the aims of the achievement of economic independence must be introduced and developed. And, finally, it is essential that each country find a prudent balance between agriculture and industry and implement radical agrarian reforms which should, as the main task, guarantee the maximum degree of self-sufficiency in food harmoniously linked with available natural resources" (10).

Although all these recommendations are to a large extent entirely appropriate and they make use of progressive, democratic slogans and approaches, nonetheless, combined with the demands for a rupture with the world economy

they appear utopian and divorced from the actual problems of the developing economy and the processes occurring in the world economy and in the sphere of the international division of labor. The works of the supporters of the isolationist version of the concept here contain much that is vague and simply undeveloped, in questions, for example, concerning the role of the state, the correlation of the public and private sectors in the economy and, generally, relations of ownership and forms of accumulation and the mobilization of resources for the development, creation and functioning of economic mechanisms determining realization of a given strategy.

The majority of supporters of the concept does not, however, share such categorical opinions of the isolationists. "Self-reliance," M. Singh, chairman of the Reserve Bank of India, for example, writes, "does not mean autarky or complete self-sufficiency in all that we consume. This is physically impossible and could in many cases be unjustifiably extravagant.... In a world which is becoming increasingly interdependent no one country can be completely self-sufficient. It would be imprudent to renounce the advantages which ensue from the international division of labor" (11). While considering the economic isolation of the developing countries impracticable and simply dangerous for their progress and further development, the supporters of the concept incorporate in national strategy "self-reliance" also and a quest for new relations with the outside world, primarily with other emergent states. National self-reliance here is regarded as the basic component of a wider system--"collective self-reliance". "Collective self-reliance," the Indian economist T. Singh writes, "is seen on the one hand as a method of support for national self-reliance and, on the other, as a method of strengthening cooperation among the less developed countries securing for them stronger positions in negotiations with the developed countries" (12).

The bulk of the supporters of the concept sees the strategy of "self-reliance" as the optimum combination of the following components: maximum use of all available intrinsic material resources, the development of foreign economic relations corresponding primarily to the needs of the national economy, implementation of efforts (primarily within a mutual cooperation framework) for reducing to the minimum the unfavorable impact of the fluctuations of world prices, diversification of the developing countries' foreign relations and their greater independence.

III

The idea not simply of the mutual economic cooperation of the developing countries but of their "collective self-reliance" was formulated for the first time as the theoretical basis of the program of the developing countries' economic development in the Economic Declaration and Economic Cooperation Action Program at the Fifth Conference of Heads of State and Government of Nonaligned Countries in Colombo (1976) and subsequently in the Arusha program of collective self-reliance (1979). The creation of a new mechanism of the development of the periphery, that is, a system of the developing countries' "collective self-reliance" combined with a new international economic order, was designed, the people who created these documents intended, to ensure a radical restructuring of the existing system of world economic relations capable of surmounting the dependent, unequal position of the developing

countries in the world capitalist economy inasmuch as "the crisis in the international economic system is not simply a phenomenon of a cyclical nature but a symptom of internal structural disorders" (13). The mutual cooperation of the developing countries was seen as an important and effective means of the acceleration of economic development and defense of their interests against the hankerings of imperialism.

The principles of "collective self-reliance" were adopted by many economic organizations of the United Nations, UNCTAD primarily, and are contained in the UN International Development Strategy for the Third Decade. At UNCTAD IV in Belgrade (July, 1983) its secretary general emphasized that "national self-reliance supplemented by collective reliance is no longer a slogan for self-assertion. For the 'third world' on the threshold of the 1980's it is the sole effective means of survival in the short term, and development, in the medium and long term" (14).

"The strategy of 'collective self-reliance' is designed to ensure 'the intensification of joint and concerted efforts to mobilize their (the developing countries'--L.V.) markets and resources for the purpose of creating a structure of the genuine economic interdependence and mutual complementariness of the economy of their countries... and also a strengthening of their solidarity at negotiations with the developed countries in respect of the establishment of a new international order," the Arusna program emphasizes. Similarly the UN International Development Strategy for the 1980's notes that realization of the tasks of mutual economic cooperation "will permit the developing countries to increase their economic potential, accelerate the economic growth rate and improve their position in the system of international economic relations" (15).

The main goals of the strategy of "collective self-reliance" are maximum stimulation of the domestic potential of the developing countries, primarily by way of the development of their mutual economic cooperation and a strengthening as a result of this of the positions of "third world" states in the world economy and also their possibilities of influencing the course of the negotiations on questions of the program for a new international economic order. The emphasis here shifts to the sphere of foreign economic relations.

Critically interpreting the attempts made earlier to realize various development models, the supporters of the "collective reliance" concept concluded that the significance of outside factors for the developing world was exceptionally great and that without structural changes in this sphere the young states could not secure for themselves the possibility of independent decision-making on problems of socioeconomic development and effective control over the use of their natural resources. Essentially this manifested an endeavor to find the optimum combination of the two directions of the "third world's" foreign economic relations--"North-South" and "South-South" relations.

First, a change in the nature and structure of the emergent states' relations with the developed capitalist countries to ensure the greater equality of the partners and, second, a considerable expansion of mutual cooperation are envisaged. In accordance with this, the concept denotes the key points on

which the "collective self-reliance" strategy is constructed. In "North-South" relations this is a problem of the interdependence of the developed capitalist and developing countries, its asymmetrical nature and the possibilities of the removal of the distortions preventing the development of equal relations between the two groups of countries. The achievement of the mutual complementarity of the developing countries' economic structures is fundamental for the creation of "collective reliance" in "South-South" relations.

It is in the search for the optimum structure of the developing world's foreign economic relations that the biggest differences between supporters of the concept are revealed. Some of them see "collective self-reliance" only as a necessary separation from the existing system of the international division of labor. Others, on the contrary, believe necessary for the creation of "collective reliance" a diversification of the developing countries' foreign economic relations, a broadening of mutual economic cooperation and on this basis a transformation of the present international economic order.

Some supporters of the isolationist version of the concept equate economic growth in the developing countries participating in the present-day international capitalist division of labor and continued dependence, albeit in modified form. Calling the new international economic order program a "rebellion of the peripheral bourgeoisie advancing new conditions of its participation in the present-day international division of labor," S. Amin, for example, maintains that realization of this program will inevitably lead to an intensification of the existing contradictions in the world capitalist economy and an increase in the income level in its centers, primarily thanks to the intensive exploitation of labor on the periphery, that is, will contribute to capitalist development on a global scale.

In the event of satisfaction of the demands of the "peripheral bourgeoisie" as a result of realization of the new international economic order program, a division of labor would emerge in which "nonequivalent exchange" would be preserved forever, and external demand would remain the main driving force of dependent development (16). It is for this reason, the "isolationists" believe, that a complete break with the world economy, which will enable them to free themselves from the effect of the economic laws of capitalism, is essential for the young states. "The third world should no longer attempt to join more or less harmoniously in the international division of labor, where the capitalist powers predominate," the above-mentioned S. Amin wrote. "On the contrary, it must distance itself from this system as much as possible in order to strengthen its internal relations and, depending on the conditions of each country, determine the nature of development, whose priorities would not be imposed by their (sic) economic relations with the West" (17).

The works of these authors reject the unchecked development of market relations, which is causing the emergent countries merely a further increase in their exploitation by the developed capitalist states in the process of international exchange. At the same time, however, the works lack developed criteria of the efficiency of economic activity. The "isolationists" believe in the possibility of the achievement of social justice in an area isolated from the rest of the world of "self-reliance" zones as a result of reforms

from above.

Calls for the creation of self-sufficient communities as national cells and subsequently for the extension of this inwardly closed system to individual regions or the developing world as a whole even are essentially a strategy of the preservation of a patriarchal system leading not to an acceleration of economic development but to stagnation and ultimately to increased economic backwardness. A concept propounding economic "third world" regionalism under the "collective self-reliance" slogan cannot fail to conflict with the growing processes of the internationalization of production and the intensification of international economic and S&T exchange in the modern world. The equality of the developing countries in the system of world economic relations and the actual strengthening of their positions in the international division of labor are possible only given a rise in the level of their economic development and the transformation of backward socioeconomic structures. "Mutual relations between different nations depend," K. Marx wrote, "on the extent to which each of them has developed its productive forces, the division of labor and domestic intercourse. This proposition is generally acknowledged. But not only the attitude of one nation toward the other but also the entire internal structure of the nation itself depend on the degree of development of its production and its domestic and foreign intercourse" (18).

The works of authors adhering to a more realistic view of the tasks of "collective self-reliance" attempt to solve many problems of the emergent countries through the development of the mutual complementarity of their national economies and simultaneously the elaboration of the collective economic diplomacy of these countries on the world scene. It is maintained that the developing countries, as a group, have at the present time sufficient potential for the organization of mutual cooperation. Their production capacity has grown and an infrastructure has been created in the past decade. The numbers of skilled manpower and technical specialists has increased in the "third world" as a whole. Differences in the levels of development of individual countries provide conditions for mutual exchange which were previously lacking. All this creates an auspicious basis for economic cooperation in the "third world," which could be realized at several levels with regard for the requirements and priorities of the emergent states' development.

IV

The programs of the economic cooperation of the developing countries (ECDC) being drawn up on the basis of the "collective self-reliance" concept and adopted by the nonaligned movement and the Group of 77 proceed from the need for the creation of a system of economic relations among them. The purpose of the ECDC programs is on the one hand use of all the possibilities of mutual cooperation (integration, financial and technological cooperation, bilateral trade and economic relations between emergent states) for accelerating the pace of their socioeconomic development and, on the other, a strengthening of the positions of the developing world as a whole in the struggle for a restructuring of international economic relations.

A principal area of cooperation between developing countries is considered the

development of reciprocal trade and integration. It is contemplated strengthening relations between the existing regional and subregional integration groupings. In the sphere of reciprocal trade the main emphasis is put on the need for the creation of a global system of trade preferences, the cooperation of state trading organizations (joint study of markets, conclusion of long-term contracts, exchange of foreign trade information and so forth), the formation of joint marketing organizations and the development of regional and subregional insurance systems.

The emergent states attach great significance to the development of cooperation in the currency-finance sphere inasmuch as the existing international credit-finance institutions are seen as an important mechanism of the neocolonialist system ensuring for the West actual control over various spheres of the young states' national economy. It is for this reason that the strategy of "collective self-reliance" provides for the creation by the developing countries of their own system of banks and credit-finance organizations. A significant place in the ECDC programs is occupied by questions of industrial planning and regional specialization, the elaboration on a multilateral basis of projects for joint enterprises of the developing countries and the intraregional infrastructure and also cooperation in personnel training and so forth.

The manifest tilt of the "collective self-reliance" programs in the direction of the development of foreign economic cooperation calls attention to itself, although the possibilities and limits of the reorientation of the economic policy of individual countries and the "third world" as a whole toward mutual cooperation within the "collective reliance" framework remain unclear. The question of serious internal transformations aimed at eliminating the economic backwardness and dependence of the developing countries, although raised in documents of the Group of 77 and the nonaligned movement, is raised purely for effect only. Nor has the approach to ownership relations within the "collective reliance" system and the role of the state in the reorientation of the developing world toward intrinsic resources and possibilities been worked out.

The problem of the rapprochement of the national economies and the search for possibilities for their increased mutual complementariness also remains insufficiently studied--both theoretically and practically. In the majority of developing countries the ideas of "collective reliance" are not in practice reflected in national economic strategy. "Existing experience," Jamaican economists B. Blake and K. Hall write, "testifies that individual governments are attempting to formulate and implement a development policy based on self-reliance by proceeding merely from purely internal priorities" (19).

The ideas of the use of the advantages which the developing countries may derive from the mutual complementariness of their structures (to a considerable extent hypothetical frequently) to strengthen their positions in the world capitalist economy remain merely purely theoretical constructions. It is becoming increasingly obvious to many supporters of the concept that the emergent countries' solution of urgent economic problems and the achievement of equal relations with the developed capitalist states depend not only on the establishment of economic cooperation within the developing world but also on

the extent to which domestic socioeconomic policy creates the conditions for this.

As a whole, there are no grounds as yet for speaking of the "collective self-reliance" concept as an integral political and economic doctrine of the elimination of the backwardness and exploitation of the developing countries. However, the concept is not something frozen and given once for all. It is evolving, and the development of the ideas and individual theoretical propositions contained therein and their linkage with actual programs of cooperation of the developing countries are taking place. The elaboration of many aspects thereof has not yet been completed, and the question of the kind of social content which will be imparted to many of the ideas contained therein and how correct the forecasts made on the basis thereof are remains open.

Nonetheless, despite the pretentious nature of the demands which are being put forward and the frequently utopian oversimplification of the proposed versions of a solution of urgent problems of the developing countries, the concept is playing an important part in the business of a stimulation of the actions of the peoples of the emergent states for economic decolonization, imparting a scientific-theoretical base to their collective economic diplomacy and platform of joint struggle for the establishment of a new international economic order.

FOOTNOTES

1. "The Nonaligned Movement in Documents and Material," Moscow, 1979, p 112.
2. INTERNATIONAL AFFAIRS, April 1977, p 187.
3. AFRICAN BUSINESS, March 1984, p 23.
4. W. Haque, N. Mehta, A. Rahman, Ponna Wignaraja, "Towards a Theory of Rural Development" (DEVELOPMENT DIALOGUE No 2, 1977, Uppsala, p 17).
5. See A.K. Bagchi, "The Political Economy of Underdevelopment," Cambridge, 1982.
6. See MONTHLY REVIEW, July-August, 1977, p 2.
7. See on this I. Aleshin, "Social Thought of the Developing Countries-- Problem of the Struggle for Independence" (MEMO No 1, 1986).
8. See MONTHLY REVIEW, July-August 1977, pp 2-3.
9. Ibidem.
10. F. Mansour, "Economic Cooperation Among Third World Countries" (INTERNATIONAL DEVELOPMENT REVIEW No 2, 1976, pp 48-49).
11. EASTERN ECONOMIST (New Delhi), January-March 1984, p 13.

12. INDIAN AND FOREIGN REVIEW (New Delhi), 15-30 June 1983, p 19.
13. "The Nonaligned Movement in Documents and Material," Moscow, 1983, p 179.
14. Document UNCTAD TD/277. A Strategy for Technological Transformation of Developing Countries. Belgrade, 1983, p 9.
15. Document A/35/592, Add. I. "International Development Strategy for the Third UN Development Decade," 27 November 1981, clause 134.
16. See THIRD WORLD QUARTERLY, January 1979, p 67; "Nonalignment: Perspectives and Prospects". Edited by Baipai, New Delhi, 1983, p 201.
17. JEUNE AFRIQUE, 14 May 1976, pp 40-41.
18. K. Marx and F. Engels, "Works," vol 3, pp 19-20.
19. "From Dependency to Development Strategies. Overcome Underdevelopment and Inequality," Boulder (Colorado), 1981, p 203.

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REPORT ON FRG-USSR SYMPOSIUM ON INDUSTRY, ECONOMIC RELATIONS

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 6, Jun 87 (signed to press 18 May 87) pp 125-128

[V. Korovkin, E. Iordanskiy report: "Prospects of Economic Relations"]

[Text] The Soviet-West German symposium "Changes in the Structure of Industry and Their Influence on Bilateral Economic Relations" was held in Moscow. The delegation of scholars and representatives of business circles of the FRG was headed by O. Wolf von Amerongen, chairman of the German economy's Eastern Committee.

Opening the symposium, Academician Ye. Primakov, leader of the Soviet delegation, observed that the bilateral meeting was more pertinent than ever. The scale of the nuclear threat poses acutely the question of the survival of mankind and insistently demands cultivation of the new thinking. Security can only be safeguarded under current conditions by political means. The endeavor to achieve the security of one country at the expense of others is a futile business, a "zero-sum game".

Understanding its responsibility for the fate of peace, the Soviet leadership has presented a number of broad-based initiatives in the disarmament sphere. Their adoption would permit important steps to be taken aimed at an easing of the nuclear threat. The concept of the creation of an all-embracing system of international security advanced by the USSR encompasses not only the military and political spheres. East-West peaceful coexistence also presupposes the active development of economic relations.

Doctor of Economic Sciences I. Ivanov (deputy chairman of the USSR Council of Ministers State Foreign Economic Commission), Doctor of Economic Sciences V. Malkevich (first deputy minister of foreign trade of the USSR), Doctor of Economic Sciences V. Martynov, Candidate of Economic Sciences I. Korolev, Doctor of Economic Sciences M. Maksimova, Doctor of Economic Sciences V. Shenayev, Doctor of Economic Sciences V. Pankov, Candidate of Economic Sciences R. Simonyan (USSR Academy of Sciences IMEMO) and Candidate of Economic Sciences O. Morgachev (USSR Gosplan) from the Soviet side and Prof G. (Leptin), Prof G. Hedtkamp, Dr J. Betkenhagen, Dr H. Klement, Dr H. Machowski, Dr H. Vogel, Dr K. Schroeder, K. Richter, H. Tirbach and P. Etzel from the West German side took part in the debate at the symposium.

The first question studied by the participants in the symposium was "Current Status and Development Trends of the World Economy. Problems of International Economic Security". The Soviet participants noted the appreciable growth of the role of external factors in world economic development, their increased instability being pointed out at the same time.

In the opinion of the Soviet side, the following features characterize the instability of the foreign economic sphere of capitalism. First, the spasmodic nature of the movement of the price of energy. Second, the instability of currency exchange rates. In the past 2 years the dollar's exchange rate in relation to a basket of currencies of developed capitalist countries has fallen 50 percent, and its fall is continuing. Subsequently the sharp growth of the imbalance of foreign payments for the majority of states making extremely more complicated export-import supply payments; and the huge increase in the scale of the developing countries' foreign debt--to \$1 trillion. Even the payment of the interest is, as a result, proving difficult.

The unprecedented wave of protectionism and the appearance of new forms thereof are threatening for West Europe a growth of the technology lag behind the United States and Japan. The latest conflict between the European Community and the United States in the sphere of the trade in farm products connected with the entry into the EC of Spain and Portugal showed that West Europe has been forced, as before, to give in to the diktat of its transatlantic partner. And the latter is the United States' aspiration to actively involve the NATO members in militarization plans complicating these states' economic development.

The representatives of the FRG agreed, as a whole, with the proposition concerning the instability of the foreign economic sphere in the nonsocialist world, but focused attention on two thoughts. First, if 1986 is compared with 1985, there was not a deterioration but a certain improvement in the situation. Second, the changes in world trade in the 1980's are exerting a negative influence on the economy of some countries, but at the same time having somewhat of a positive impact on other states. This applies primarily to the fluctuations of world prices. Consumers of fuel, for example, have an interest in a further decline in the oil price, but companies which have invested substantial capital in resource-saving technology and alternative energy sources aspire to stabilize them.

In the opinion of the West German scholars, the reduction in the oil price, which amounted to approximately 30 percent in 1986 (calculations based on the Deutschmark), had a positive impact on the FRG economy. In connection with the fall in the exchange rate of the dollar limiting the export potential of national firms the latter are switching from a foreign trade orientation toward stimulation of domestic economic development. A situation conducive to the growth of consumer demand and capital investments is taking shape. Nonetheless, a reliable estimation of the prospects of the influence of the foreign economic sphere on the FRG economy would even in the short term seem difficult.

The Soviet side set forth certain components of the concept of international

economic security and the basic directions of its realization providing for the stable socioeconomic development of all countries and safeguarding them to an equal extent against discrimination and other economically damaging actions. Specifically, attention was called to such initiatives of the USSR as the memorandum "States' International Economic Security--Important Condition of an Improvement in International Economic Relations," which was submitted to the United Nations; the proposals concerning the convening of a world congress on this problem and on the USSR joining the GATT; negotiations between CEMA and the EC and the USSR and the EC; and the program pertaining to the peaceful use of space. These steps are a practical embodiment of the broad-based program advanced by the 27th CPSU Congress.

In the debate on the second question, "Problems and Prospects of East-West Economic Relations," the attention of the German participants was called to the fact that the scale of these relations (3-4 percent of world commodity turnover) fails to correspond to the level of economic development of the states of the two systems. The deterioration in the political climate in the world on the frontier of the 1980's had a negative effect on them. Inauspicious changes in the structure of the USSR's foreign trade appeared in the first half of the 1980's: machinery and equipment exports declined, and there was an unwarranted increase in exports of energy and cereals imports. The decline in business activity in the capitalist world and price and exchange rate instability struck painfully at Soviet supplies.

The expansion of East-West contacts in all spheres is becoming an objective necessity under the conditions of the appreciable growth of the interdependence of states and peoples. Much will depend on the efforts of both sides here.

A big contribution to the expansion of the USSR's relations with Western states should be made by the measures to restructure the Soviet economy, including the reform of the foreign economic mechanism. The reason for the reform is the exacerbation of contradictions between the outmoded structure and forms of the USSR's foreign trade relations and the absence of effective instruments of trade policy on the one hand and the need for the intensification of the national economy and an acceleration of S&T progress on the other. The production associations and enterprises have found themselves sidelined from direct participation in foreign economic activity. Ignorance of the conditions of the world market has been negatively reflected in the competitiveness of their products. Together with this there has been a lack of coordination in the actions of the more than 20 ministries and departments which simultaneously moved onto the foreign market.

The USSR Council of Ministers State Foreign Economic Commission, which is entrusted with general coordination functions, was set up in 1986. However, the main purpose of the reform is a significant broadening of the financial independence of enterprises and according them the right to move onto foreign sales markets. As of 1 January 1987 this right has been acquired by 67 enterprises and 21 ministries and departments. In foreign trade relations they must orient themselves toward the principle of self-support. Enterprises' currency proceeds from exports are insufficient for paying for imported supplies. For this reason they themselves will up to 1990 cover currency

outlays only for the modernization of the existing machinery of production, and the state, for the purchase overseas of raw material commodities and equipment intended for an expansion of production.

The reform has affected the USSR Foreign Trade Ministry also. Eight foreign trade associations, which account for one-fifth of the total trade volume and two-thirds of machinery and equipment exports, have been transferred to the jurisdiction of sectoral ministries and departments. The USSR Ministry of Foreign Trade retains the following duties: trade in fuel, raw material, foodstuffs and commodities of statewide significance; protection of national interests on foreign markets; planning of foreign trade relations; conclusion of international treaties; export-import commodity quality control.

The members of the West German delegation received with great interest information concerning the prospects of the creation and activity on USSR territory of joint enterprises with the participation of Soviet and foreign organizations. The main aims of the creation of joint enterprises from the viewpoint of the interests of the Soviet economy are deliverance from the practice of irrational imports, enlistment of progressive foreign equipment and technology and the increased competitiveness of exports.

The enterprises are to represent joint-stock companies, in which no less than 51 percent of the authorized capital belongs to the Soviet participant. The Western party has tax privileges and takes part in the distribution of profit, and its property is not subject to confiscation administratively. The joint enterprises operate on the basis of full cost accounting, no subsidies and self-financing. Just like the Soviet organizations with the right to move onto the foreign market, they may, if necessary, avail themselves of credit obtained on commercial terms both in foreign currency and in rubles.

All the currency expenditure of the joint enterprise are catered for thanks to income from the sale of the product on the foreign market. Surplus currency may be channeled into increased purchases of imported commodities necessary for the activity of the enterprise, entered into a USSR Vneshtorgbank account (interest calculated by proceeding from the world money market rate) and used to expand production and for the social development of the enterprise (a convertible currency is calculated in rubles based on the official exchange rate). The foreign participants in the joint enterprise are guaranteed the right to transfer abroad in convertible currency the share of the profits due them, which is taxed at the rate of 20 percent (upon agreement with the USSR Finance Ministry its amount could be reduced). The profit exported abroad must necessarily be covered by currency proceeds from exports. Twelve projects are being realized at the present time, and more than 200 proposals have been received altogether from firms of the United States, the FRG, Japan and other countries. FRG companies have submitted applications for the organization of joint enterprises in tool building and light (manufacture of fashionable footwear) and chemical (production of fungicides) industry and also in the production of cranes, pneumatic equipment and so forth. Nonetheless, the creation of such enterprises requires "heavy preparatory work," in whose results, however, both sides have an interest.

I. Ivanov and V. Malkevich answered numerous questions from the West German

participants in the discussion. Representatives of the business world and scholars of the FRG adopted an approving attitude toward the fact that the joint enterprises are exempt from the payment of tax on profits for the first 2 years of activity (this term could be extended per agreement with the competent Soviet authorities). The USSR's readiness to study in more detail the question of protection of the partners' capital investments on Soviet territory also evoked a positive response. At the same time, however, members of the West German delegation expressed a number of wishes and critical observations. In their opinion, the joint enterprise act should be relatively simple and flexible. It is important to provide investors with long-term assurances and extend these to the most varied sectors (including light and food industry). It was also proposed affording the joint enterprises an opportunity to sell their entire manufactured product on the USSR market. The latter proposal was not supported by the Soviet participants since its adoption would deprive our economy of an important source of currency proceeds and prevent an increase in the competitiveness of exports.

In the papers on the third question, "State and Prospects of the Development of Economic and S&T Cooperation of the USSR and the FRG," the Soviet side evaluated the current situation in this sphere as quite contradictory. Despite the substantial volume of bilateral trade which had been reached in the preceding period and the existence of a sound legal basis, reciprocal supplies declined in the mid-1980's. West German specialists consider the most important reason for this the fall in the world oil price. The diminution in currency proceeds from the energy exports cannot as yet be compensated by a growth of Soviet supplies to the West German market of machinery and equipment owing to their insufficient competitiveness.

Together with the above reasons mention was made of a number of factors having a negative effect on bilateral trade relations emanating from the West German side also. They include the extension of the CoCom lists. In this respect the FRG frequently takes a harder line than a number of other leading capitalist countries. Then the incorporation of West German firms in the SDI in accordance with agreements between the United States and the FRG signed in 1986.

The expansion of bilateral relations is also being impeded by the existence of a system of quantitative restrictions in respect of more than 500 Soviet commodity export items. In the 1980's the federal government supported within the EC framework measures to tighten customs terms in respect of the socialist states. In addition, the FRG as a whole is operating in the channel of the United States' proposals pertaining to increased coordination of the OECD countries' credit policy. Implementation of these plans is complicating even more the terms of the extension of credit for East-West trade.

The speeches of the members of the Soviet delegation analyzed future directions of the further development of economic and S&T relations between the USSR and the FRG. These include a general and three sectoral (on agriculture, the peaceful use of nuclear power and medicine) agreements on S&T cooperation signed or initialed in 1986 coming into force and realization of the measures envisaged therein; a significant increase in the number of bilateral cooperation agreements and the expansion of Soviet exports of

certain types of mass, standardized products; the participation of West German firms in the modernization of a number of industrial enterprises of the USSR, specifically, engineering and chemical; and the creation of joint enterprises on USSR territory.

Paramount for the Soviet Union is the dependability of Western partners. This dependability is expected in both the economic (the West has to supply the USSR with truly progressive, competitive products) and political (the incorporation of West European firms, for example, in American plans for the militarization of space could lead to a limitation of their relations with the CEMA countries) respects.

In the opinion of representatives of West German business circles, the growth of the democratization of Soviet society will contribute to a considerable strengthening of Western firms' trust in the USSR. The main direction of the development of bilateral relations under current conditions should be an appreciable rise in the quality of the goods supplied.

Closing the symposium, V. Martynov and O. Wolf von Amerongen pointed out that the exchange of opinions had been useful. The meeting made it possible to set forth views on the state and development trends of bilateral economic relations and chart specific paths of their expansion with regard for the changes occurring in the foreign economic mechanism of the USSR and the structure of the world economy.

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"Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1987

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REPORT ON 17TH JAPANESE-SOVIET ECONOMIC SYMPOSIUM

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNIYE OTNOSHENIYA in Russian No 6, Jun 87 (signed to press 18 May 87) pp 128-131

[V. Shvydko report: "Soviet-Japanese Symposium"]

[Text] The 17th Soviet-Japanese Economists Symposium--a meeting of representatives of economic science of the two countries organized jointly by the USSR Academy of Sciences IMEMO and the Japanese Association of Economists--has been held in Moscow. The Japanese delegation, which included mainly representatives of university science, was headed by H. Okada, professor at (Khosey) University. The Soviet delegation headed by Prof V. Martynov, doctor of economic sciences and deputy director of the IMEMO, incorporated specialists from leading academic institutes. The 3 days of the symposium were devoted to the economy of the Soviet Union, problems of the world economy and the economy of Japan respectively. The relaxed atmosphere and benevolent tone of the speeches and discussions have become, as V. Martynov observed in his opening remarks, a good tradition of such meetings.

The discussion of the problems and prospects connected with implementation in the USSR of the restructuring of the economic mechanism and realization of the strategy of an acceleration of socioeconomic development was marked by the keenness of the questions raised, candor and a businesslike nature. The speech of Academician A. Aganbegyan, who provided an analysis of the overall picture of the development of the Soviet economy in recent years and described the plans for the current 5-year period and through the end of the century, elicited the participants' great interest. Particular attention was paid to a demonstration of the need for and possibility of an acceleration of economic development and the presence of unutilized growth potential and the levers which are to set this potential in motion. The idea that organizational factors and an improvement in the economic mechanism contain considerable potential for an increase in the productivity of labor and its efficiency came through distinctly. The updating of the technical base of the economy is to play a big part also.

At the same time it was noted that the comprehensive restructuring of the system of economic relations represents a complex and lengthy process requiring attentive and painstaking work. Specific forms of the new economic mechanism have largely still to be determined.

Doctor of Economic Sciences O. Latsis (Economics of the World Socialist System Institute) concentrated his attention on the factors ensuring the feasibility of the scheduled acceleration. Besides a radical reform of the economic mechanism, introduction of the practice of complete cost accounting and self-financing, development of the wholesale trade in producer goods and transition to unit output planning methods, O. Latsis observed, an important role is to be performed by the new strategy of economic growth which has already been reflected in the 12th Five-Year Plan. It provides for a transition from the labor- and materials-intensive type of expanded reproduction to the capital-intensive growth model. The increase in capital investments will be accompanied by changes in their structure: the proportion of outlays on the reconstruction and modernization of operating enterprises and the accelerated replacement of fixed capital will increase. There will be a sharp increase in capital investments in machine building.

Prof S. Otsu ([Ryukoku] University) dwelt in his paper on problems of the use of labor resources at the current stage of the development of the Soviet economy. Noting the fact of the sharp slowing of the increase in the numbers of the economically active population, he expressed the thought that a principal task of the current transformations should be the increased efficiency of the use of labor resources. A basic area of activity here is a growth of labor productivity thanks to the introduction of labor-saving technology and equipment and an improvement in the organization of labor and the quality of manpower. Unaccomplished tasks in this sphere, the Japanese scholar believes, are the creation of a more efficient mechanism of the distribution of manpower by individual sector, region and enterprise in accordance with their requirements, the removal of imbalances and disproportions in the vocational structure and pay, a general strengthening of discipline and the establishment of an atmosphere of interest in the achievement of high results.

Prof N. Murakami (University of [Sinsyu]) pointed in his paper to the need for the preservation in the course of the restructuring of an attentive attitude toward questions of an upsurge of the people's well-being. He analyzed in detail the data concerning the correlation in the plans and results of the economic development of the USSR of the rate of growth of the two subdivisions of social production, labor productivity in individual sectors, retail commodity turnover and the volume of payable services and the dynamics of the income of workers and employees and benefits and payments from the social consumption funds.

Many of the propositions expressed by the authors of the papers were the subject of lively debate. There was a wide-ranging exchange of opinions on such questions as the limits of enterprise independence, the principle of full employment under socialism, the interconnection between the development of the two subdivisions of social production and the population's living standard and so forth. The speeches of Prof Ye. Manevich, doctor of economic sciences, and doctor of economic sciences V. Felzenbaum, research fellows of the Institute of Economics, Candidate of Economic Sciences V. Morozov (IMEMO) and others were received with interest.

The discussion of the problems of the world economy was concentrated mainly on the structural changes in the economy of the developed capitalist countries and the changes connected with them in international economic relations. The paper of Doctor of Economic Sciences L. Nochevkina (IMEMO) raised a broad range of questions: on the unfolding of the new sectoral structure and the enhancement of the role of extra-sectoral and intersectoral structural formations and the appearance of new forms of the concentration of production and its specialization and cooperation.

In the opinion of L. Nochevkina, the dynamism of the present stage of the structural reorganization is reflected not in increases or a change in the correlation between individual volume indicators but in qualitative characteristics, a lowering of production costs and the discovery and assimilation of new markets.

S. Nitta, professor at the University of Toyo, paid special attention to external aspects of the structural rebuilding--the mutual adaptation of the economies of the developed capitalist countries within the framework of the world capitalist economy. In the Japanese scholar's opinion, their mutual adaptation is opening the way to a growth of international trade and a weakening of the conflict nature of relations between partners. The competitiveness of an individual commodity or firm on the world market is determined to an increasingly great extent by the power and competitiveness of the national economy as a whole.

While pointing to the increased role of the conscious efforts of the state and the insistent need for the coordination of the policy of governments of different countries in the economic and social spheres for the successful realization of the adaptation of their industrial structures S. Nitta at the same time emphasized, however, that the main driving force of this adaptation is the purposeful development and application of new technology. This, he believes, may be ensured only by a strong private sector. Whence the need for active measures to enhance its capacity for innovation.

It was mentioned also that Japan is becoming the main target of the demands for a stimulation of the policy of structural adaptation. The threat of external isolation and the "bleeding" of the economy as a result of the inordinate growth of overseas investments makes particularly acute and urgent for it the task of a search for paths of the international coordination of economic policy.

The discussion of problems of the Japanese economy was very wide-ranging both in terms of the list of questions broached and the number of participants. Prof Y. Masuda (Osaka University Economic Research Institute) mentioned the big changes which the Japanese economy is undergoing at the present stage of S&T progress. The enhancement of the role of information in the national economic complex and the constant transforming impact of new equipment and technology are making appreciable adjustments to the picture of the relatively efficient use of basic economic resources which has taken shape, the costs structure, intersectoral proportions, forms of the organization and management of production, labor relations and foreign economic relations. The paper paid much attention to a description of the technological level of Japanese

industry, the main directions of S&T progress and their interconnection with production and the prospects of the use of the state's S&T policy for a change in the appearance of the country's economy.

The speech of Candidate of Economic Sciences V. Zaytsev (IMEMO) described the present stage of S&T progress with reference to the conditions of Japan's economy and the singularities of the innovation process in the 1970's-1980's. In the speaker's opinion, this period has been characterized by an absence of revolutionary innovations based on fundamentally new ideas and discoveries. The center of gravity of R&D has shifted to an improvement in qualitative characteristics, a lowering of costs and an extension of the sphere of application of existing commodities and technology, that is, in the spheres in which Japanese companies have a pronounced advantage. Examining the question of the significance of the information complex at the current stage of development of the Japanese economy, V. Zaytsev expressed the opinion that many Japanese scholars are exaggerating its role. Flashy cliches of "information society" theory are not being underpinned by serious statistical analysis.

Candidate of Economic Sciences A. Dynkin (IMEMO) offered to the participants' attention a comparative analysis of the American and Japanese models of the organization of R&D. Developing the proposition expressed in Y. Masuda's paper, Candidate of Economic Sciences Yu. Denisov (USSR Academy of Sciences Oriental Studies Institute) noted the tremendous transforming influence which S&T progress is exerting on the nature of production, labor and employment and the social life and mentality of modern man.

An important characteristic of the present stage of S&T progress, Candidate of Economic Sciences V. Rosin (IMEMO) observed in his speech, is the objective process of the increased significance of services and the share of the nonphysical component in social production--a process which has in Japanese literature come to be called the "softization of the economy". Making a distinction between this and another frequently used term--"servicization"--V. Rosin expressed the thought that "servicization" understood as the rapid growth of the proportion of the service sphere in the sectoral structure and the active separation of business services as an independent subject of entrepreneurial activity represents part of the broader concept of "softization". The latter signifies an increase in the proportion of services not only in final national economic indicators but also in the system of intersectoral relations.

Doctor of Economic Sciences B. Dobrovinskiy (IMEMO) believes that the structural reorganization of the Japanese economy in the 1970's occurred under the influence of a deterioration in the conditions of reproduction. According to his calculations, there was in this period a decline in the integral production efficiency indicator (adjusted unit expenditure), the profit norm and the proportion of value added in the end product. Extensive factors accounted for more than half the increase therein in the period in question, according to B. Dobrovinskiy's findings.

Candidate of Economic Sciences A. Kollontay (IMEMO) dwelt on the growing role of S&T relations in the system of Japan's economic relations with foreign

countries. The role of the state in international technology exchange and its efforts to increase the country's S&T potential by way of familiarization with the latest foreign achievements are of particular interest for scholars, the speaker believed. It was observed that the development of international S&T and production cooperation in the private monopoly sector is at the present time impossible without the active support of the state and without the institutional and production infrastructure which it creates.

An important topic of the discussion was the set of questions connected with a characterization of the present stage of the development of state-monopoly capitalism and the change in the role of the state in the capitalist economy. In his paper, which was devoted to an analysis of the essence, trends and prospects of administrative-financial reform in Japan, Candidate of Economic Sciences I. Tselishchev (IMEMO) saw it as a Japanese version of neoconservative policy, whose principal aim is the capitalist rationalization of the economy and its increased dynamism and international competitiveness based on a redistribution of the functions of the state and private capital and a broadening of the sphere of operation of the profit principle and the laws of competition. This reform is brought about by the need for a rationalization of government control and the increased efficiency of the use of the resources allocated for the satisfaction of social requirements and the development of the social and production infrastructure. At the same time it is being implemented under the conditions of the domination of monopoly capital in a rightwing conservative, antipopular "edition". The weakening of the redistributive role of the budget harms primarily the broad working masses, and the struggle against bureaucratism, inefficiency and waste is taking the shape of the winding down of a number of the state's socially useful functions.

Problems of administrative-financial reform in the context of the evolution of economic and social policy were also raised in the speeches of Doctor of Economic Sciences V. Ramzes (IMEMO), Candidate of Economic Sciences A. Kravtsevich (USSR Academy of Sciences Oriental Studies Institute) and Prof S. Nitta. Thus A. Kravtsevich raised the question of the need for a differentiated approach to an evaluation of the efficiency of this form or the other of state and private enterprise depending on the specific conditions of economic development and sphere of operation. He also mentioned the fact that there is frequently a change merely in the forms of government control over various sectors of the Japanese economy, but the control as such continues.

Lively debate was caused by the question of the degree of the objective dependence of the upsurge of neoconservatism in Japanese and, more broadly, Western economic thought and practical policy.

Doctor of Economic Sciences I. Osadchaya noted that the change from the liberal-reformist version of state-monopoly regulation of the economy to its conservative model which is being observed represents a stage of the search for the optimum, from the viewpoint of the ruling class, scale and means of government intervention in economic activity. Regarding the two versions of state-monopoly regulation as a reflection of the contradiction between efficiency at enterprise level and social efficiency, I. Osadchaya expressed the idea that the present policy of an intensification of market competition

and "deregulation" of the private monopoly sector is an attempt to tackle the task of an increase in the flexibility and adaptability of capitalist firms to the demands of S&T progress on the one hand and the increased level of their profitability and stimulation of accumulation in the private sector on the other.

Candidate of economic sciences Ye. Leontyeva (IMEMO), who devoted her speech to the changes in Japan's industrial policy, observed that the appearance in the 1970's-start of the 1980's of technology of broad diversified application made objectively necessary an abandonment of the former model of state industrial policy which amounted mainly to the organization of sectoral markets and selective support for the priority sectors. The task of taking down the barriers erected earlier in the way of intersectoral competition and cooperation and the limitation of government participation merely to the creation of general conditions conducive to the activity of the private sector and also support for the most costly or risky R&D programs is on the agenda.

A big place in the speeches of the participants and the debate was occupied by theoretical problems of political economy. The paper of Prof Ya. Pevzner, doctor of economic sciences, examined in detail a number of debatable propositions of contemporary Marxist political economy, primarily the question of the quantitative commensurability of use values and the role of the market in the determination of value, the cost nature of services and the correlation of competition and monopoly and also the nature of money and inflation under the conditions of present-day capitalism.

Upon examination of these questions a critical assessment was made of certain ideas and concepts, specifically, the oversimplified interpretation of the proposition concerning the directly social nature of labor under socialism, the "expenditure concept" in pricing, recognition as productive of labor merely in the sphere of material production and others. From Ya. Pevzner's viewpoint, a number of mistaken theoretical propositions, primarily that concerning the monopoly's undermining of relations of competition and commodity production, has for a long time not only impeded a correct understanding of the processes occurring in the economy of present-day capitalism but also distorted ideas concerning prospective directions of improvement of the socialist economic mechanism. The paper observed that the domination of the monopolies, while modifying and in some respects limiting competition, does not at the same time signify the elimination or weakening of the role of market relations as a regulator of economic life and essentially irreplaceable mechanism of social evaluation of the utility of goods and services.

Interesting thoughts on these and other questions of economic theory were contained in the speeches of Doctor of Economic Sciences A. Anikin, I. Osadchaya, S. Nitta and L. Nochevkina.

In the unanimous opinion of the participants, the symposium confirmed once again the usefulness of such meetings of Soviet and Japanese economists and contributed to a deepening of the understanding of the important processes which are the subject of their research.

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"Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1987

U.S. BOOK DEBUNKS SOVIET MILITARY SUPREMACY MYTH

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 6, Jun 87 (signed to press 18 May 87) pp 135-137

[A. Kalinin review: "An American Specialist on 'Soviet Military Supremacy'"]

[Text] The fact that rightwing conservative forces in the United States have succeeded in converting the old myth of the USSR's military supremacy and the "Soviet threat" into a basis of the discussion virtually beyond criticism and doubt on problems of foreign and military policy is exerting a tremendous influence on the social and political situation in the country. Obviously, an American citizen who has ventured to publicly repudiate these inventions has to have outstanding boldness. It undoubtedly distinguishes Tom Gervasi, director of the New York Center for Military Research and Analysis and top specialist in military-political problems, who wrote the book in question "The Myth of Soviet Military Supremacy".*

Its significance is determined not only by the civic courage of the author but also scientific conscientiousness, unbiased thinking, knowledgeability and the depth and strength of his democratic beliefs. Addressing ordinary Americans, the people--"America's sole hope" (p 69)--the expert endeavors to induce his readers to reflect, affording them the necessary data for this. It is significant that it is recommended that they "take on trust what is written in the book no more than the words of the Reagan administration are taken on trust" (p 61).

We would note immediately that T. Gervasi is no "dove". In American terminology he is an "owl," a realist who believes that "the United States will always need to maintain some of the arms and forces which it has to provide for an adequate national defense" (p 41). The scholar believes in the "balance of forces" principles and the efficacy of nuclear "intimidation," while not believing the latter, however, the sole possible, optimum or reliable version of "deterrence" providing for international and national security.

The book criticizes Washington's official domestic and military policy from the standpoints of "sufficiency". "I," T. Gervasi writes, "am a citizen who believes that the United States should have a strong defense. I have, however, concluded that America already has a strong defense, has had such throughout

its history, has such today and had such 5 years ago, when the new administration assumed office thanks to assertions that the United States lacked a strong defense and promises to rearm it. In fulfillment of these promises the administration has placed the burden of unnecessary and incalculable expenditure on the American people, which is voluntarily bearing the burdens and would bear even more were there reason for this. But there is no reason" (p 3).

Having collated a large mass of data characterizing the quantity and quality of the arms of the United States/NATO on the one hand and the USSR/Warsaw Pact on the other (tabulated, these indicators are themselves of considerable interest), the author makes "an independent evaluation of the balance of strategic forces and medium-range nuclear missiles and conventional arms and the forces equipped with them." It "is in striking contrast with the subjectivist interpretation of the balance of military power which the Reagan administration is attempting to implant" (p 63).

The objective, correct calculations of the expert testify irrefutably that the United States and NATO have always had a significant superiority at all levels and sublevels; there has never been any "window of vulnerability"; the increase in the military power of the United States/NATO and the USSR/Warsaw Pact has proceeded and continues to proceed at roughly the same pace; the modernization of the Soviet armed forces at strategic level is a retaliatory measure, and at the European level, has not created any new, greater threat to the West. In his opinion, which is corroborated by the factual material which is adduced, the USSR/Warsaw Pact is inferior to the United States/NATO at all levels in terms of the most important parameters and specifications. It is sufficient to say that, in the author's estimation, as of July 1984 the USSR's reserves of nuclear weapons constituted 13,215 "deployed" units (that is, nuclear warheads which could be delivered to targets in a single firing) and 17,656 "stockpiled" units, whereas the corresponding indicators for the United States amounted to 24,783 and 37,657 respectively (pp 105, 110, 336, 338). If, however, the nuclear forces of France and Great Britain are considered, and they should, as the work emphasizes, be included in any proper balance of nuclear forces (pp 164-165), the West's preponderance is even greater.

However, preponderance, T. Gervasi believes, is not superiority. The said "imbalance has no military significance," he writes, "for parity is not necessary for creating a 'nuclear stalemate'," and the USSR has "more than sufficient" nuclear weapons "for preventing by means of deterrence United States/NATO offensive operations" (pp 180-181).

The author's scrupulous position (and he agrees with the supporters of "sufficiency" here) amounts to the assertion that "deterrence" requires neither supremacy nor even the equality of the two sides' nuclear potentials. With the achievement of a certain quantitative and qualitative level of the nuclear forces of the United States and the USSR a further arms race becomes entirely pointless from the military viewpoint. Such a level had been reached by the end of the 1960's. Now, the American scholar believes, "it is immaterial which of the superpowers has more warheads and whose missiles are more accurate" (p 29). It is impossible turning any military superiority into victory for, he emphasizes, victory in a nuclear war is inconceivable. On the

other hand, "strategic superiority is an unattainable goal," a race for which is an extremely dangerous obsession. Nuclear arsenals can and must be reduced without the least damage being done to mutual "deterrence" (pp 33, 135).

The concept which the author supports in this context is of interest. While sharing the traditional proposition according to which "'deterrence' means unacceptable risk" (p 132), the expert believes that it "has always been and continues to be based on uncertainty," primarily "has depended to a far greater extent on insufficient confidence in the reliability of the forces inflicting a first strike than on a belief in the reliability and survivability of the forces of retribution" (p 269). Proceeding consistently from his concept of "deterrence," T. Gervasi approves any measures leading to an increase in the uncertainty inherent in the latter, specifically, a moratorium on nuclear weapons testing, which has been proposed by the USSR and which it observed unilaterally for more than 18 months (p 270). Granted all its unusualness, such an argument in support of a halt to the testing of nuclear weapons is entirely logical.

At the same time, however, the scholar emphatically condemns any attempts to reduce the uncertainty inherent in "deterrence" by way of a qualitative upgrading of arms or the creation of new types thereof. Having studied the numerous arguments "pro" and "contra" the SDI, he concludes that this program is baseless in the military and S&T respects, is attended by incredible costs and is essentially irrational. While not acknowledging space-based arms to be assault arms, the author describes them as "destabilizing," sharply increasing the threat of nuclear war. The side which leads in the creation of such arms would be constantly tempted to deliver a "first strike," and this temptation would be occasioned precisely by the imperfection of the "space shield," which would be meaningful only given a minimization of the number of targets to be intercepted. At the same time, however, the "lagging" side might also draw wrong conclusions from its "lagging". Both the illusion of "superiority" and the illusion of "lagging" could lead to the adoption of catastrophic, irreversible decisions.

A merit of the book is that it emphatically rejects the fatalistic concept of the arms race as an objective process generated by military-strategic and S&T imperatives and the needs of a "mature economy" which is prevalent in the West. As the monograph shows, the arms race is generated entirely by the interests and requirements of the military-industrial complex. Although the author attempts to place the responsibility therefor on both the United States and the USSR (pp 31, 41), he is forced to acknowledge: "The sad fact is that it is America which has almost always taken each new step in the arms race" (p 32).

Not confining himself to a criticism of the military-industrial complex and, particularly, the military corporations which are a part of it, the author of the study points to the existence of the intensifying and essentially objective contradiction between the interests of the military-industrial complex and the American nation. The military-industrial complex possesses tremendous power, but as long as the United States remains a democracy, the satisfaction of its interests is possible only on condition that the latter are successfully portrayed as national interests. The citizens can only now be

persuaded of this concurrence with "shock tactics" influencing not so much the thinking as the sphere of emotions and instincts (pp 42-45).

The myth of Soviet military supremacy, T. Gervasi observes, is precisely such "shock tactics". "Assertion of the USSR's strategic superiority has been the biggest lie of the Reagan administration," use of which "has accomplished several tasks simultaneously": "it has helped silence those who criticize the administration's policy" and made it possible to portray the actions of the supporters of a freeze as "dangerous and irresponsible" and "to conceal the glaring contradiction between the administration's declared desire to reduce arms and its avowed intention to build up arms for the sake of achieving advantages for the United States" (pp 45-46).

Responding to the possible question of whether the author was not proceeding from less accurate data than those in the possession of the administration, he emphasized that both he and the administration had essentially identical information, the common source of which were ultimately the data of Western intelligence services. As the book observes repeatedly, they are perfectly reliable since modern intelligence resources, to a description of which a large place is devoted, make it possible "to see each missile, each aircraft, each tank and each warship... wherever they are"--"more than can be seen by human eyes" (pp 251-252). With a monopoly on intelligence reports, the administration turns objective information into disinformation--and the author analyzes the myth-making techniques in detail. U.S. citizens, who have traditionally trusted the government, simply cannot believe that Washington officials deliberately disinform the nation and its allies and endeavor "to deny Americans knowledge of the real state of affairs," virtually subordinating the mass media to their diktat (pp 69, 112).

The work also consistently refutes other components of the "Soviet threat" myth, specifically, the fraudulent propositions concerning the "intractability" of the USSR at negotiations, their concocting and implementation of expansionist plans and use of chemical weapons and fabrications concerning the "violation" of agreements and accords in the arms limitation and control sphere. Studying these attacks, the scholar observes that the administration and the mass media working for it frequently ascribe to the USSR what the United States has already done or intends doing.

T. Gervasi pays particular attention to the Soviet-American arms limitation and reduction talks. The history of these negotiations, he writes, shows that the United States has almost always put forward proposals which are known to be unacceptable to the other side and which are frequently attended by conditions which are insulting, provocative and unrelated to the problems under discussion. "Why does the United States want," we read, "the USSR to reject the American arms control proposals? Because, for the most part, the United States itself does not want the USSR to accept these proposals" (p 255).

The so-called "intractability" of the USSR, the expert notes, is the result of the administration's attempts to impose on it unacceptable conditions, which, in addition, would be obligatory only for the Soviet side and which Washington wishes to interpret as it pleases and as is beneficial to it at the given

specific moment (pp 17-18). The American proposals "invariably provide for greater reductions of Soviet arms, and fewer, American," and simultaneously with this, what is more, the United States is speeding up programs of the development of the most dangerous arms of the next generation in the hope of winning at all costs (p 16). To understand the United States' position at the Soviet-American negotiations it is important to recall, the monograph emphasizes, that the country's leadership is "negotiating not only with the USSR but also with the American people" (p 255) and, systematically deluding its compatriots, endeavoring to obtain from the nation a mandate for a continued arms race profitable only to the military-industrial complex.

Although the book was written prior to the meeting in Reykjavik, many of the author's conclusions have proven, unfortunately, correct and will evidently preserve a certain prognostic value. Having brought together the critical observations expressed about the Reagan administration by representatives of various political forces and having generally substantiated these observations, T. Gervasi has raised the criticism of the administration's military and foreign policy to a higher level. His philosophy is also characterized by certain negative features preventing, in particular, perception of the idea of the safeguarding of international and national security by political means. Thus the author preserves his belief in the possibility of ensuring security predominantly by military-technical means. This belief could serve as the conceptual basis for a continuation of the race in arms (conventional, particularly), which would be no less ruinous and dangerous and could at any moment lead to a resumption of the buildup of nuclear arsenals.

FOOTNOTE

- * T. Gervasi, "The Myth of Soviet Military Supremacy," New York etc., Harper and Row, 1986, pp XI + 545.

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"Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1987

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PRICE FORMATION IN INTERNATIONAL TRADE

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 6, Jun 87 (signed to press 18 May 87) pp 142-144

[M. Gelvanovskiy review: "Pertinent Questions, Debatable Answers"]

[Text] Current pricing both within the national economies of the participants in international exchange and in world trade is characterized by active processes connected with two main trends--the internationalization of economic life and the growth of the influence of S&T progress on the economy. But, unfortunately, exceedingly few works directly on this subject matter are published in our country (just a few in the last 15 years). Yet it is particularly important both from the viewpoint of a theoretical comprehension of problems of the world market and in the practical plane--the increased efficiency of our country's participation in international economic cooperation. For this reason the appearance of the monograph in question* is in itself a notable event.

Quite a broad range of questions is broached here, including price as a political economy category; singularities of pricing on the world capitalist market; various aspects of the formation of the prices of products of manufacturing industry, particularly science-intensive products. The author has obviously endeavored to analyze the problems in all their comprehensiveness and fullness.

The book's strong aspect is the attempt to link theoretical problems as closely as possible with specific practical requirements. The final two chapters, in which Ye. Punin, utilizing a synthesis of the results of theoretical studies and specific examples from foreign trade practice, analyzes the influence on the said problems of such important factors as obsolescence classes I and II, price policy and price competition, may be considered the most successful in this respect.

At the same time it is hard to agree with many of the work's propositions. This applies primarily to a fundamental question--the interrelationship in price of cost and use value.

The idea of the need for consideration at the time of pricing of a product's use value permeates practically the entire book. The position of the defense

of use value as a factor of pricing for our domestic economic needs (it has never been rejected in the practice of market capitalist pricing) is undoubtedly a positive aspect of the monograph. But this idea has evidently so preoccupied the author that he manifestly exaggerates the significance of use value in the said plane.

Use value is the capacity of something to satisfy some requirement. While potentially possessing this capacity, it could, however, prove useless if only because more of such things has been produced than needed by society. It is necessary to take into consideration the conditions of the realization of use value, that is, the possibility of payment therefor by the consumer. Value, the socially necessary labor expended on the production and sale of a commodity forms the price for the producer. There are no contradictions (which are discussed in many places in the book) between use value and value. Only a thing of use with use value can have value. Value forming the basis of price is the amount of labor recognized as useful by society, that is, necessary for the creation of a certain use value. The question is the extent to which "the mechanism of this recognition" has been precisely developed in society.

This problem practically does not arise on the world market. There prices, as a rule, are formed in direct contact between the buyer and seller (any mediation is usually clearly oriented toward the end consumer), and the strict law of capitalist competition, whose action the monopolies and state-monopoly regulation are capable of distorting only to a certain extent, rules.

In the socialist economy there are between the buyer and the seller pricing authorities, in whose activity the interests of the producers are represented, as a rule, unfortunately, far more fully than the interests of the consumers. It is on the basis of the documentation of the first that prices are mainly determined. Here the problem of compromise between a thing's usefulness for society and expenditure on its production and sale is far more difficult to resolve. It is the artificial detachment of the consumer from the process of recognition of expenditure as useful and, consequently, necessary which has created the "problem" of use value in our present-day pricing and contributed to the formation of the expenditure mechanism. This situation is inferred in the book, although not discussed directly.

But what have world prices got to do with things here? the reader asks. Indeed, there is no direct connection with the problems of foreign trade prices. An essential shortcoming of the work is precisely the fact that it confuses problems of domestic pricing in the USSR and the problems of prices of the world market. Although, of course, there is an indirect connection: the solution of many questions of pricing in the process of international exchange under the conditions of the S&T revolution, in which quality and, consequently, use value acquire an increasingly important role in price formation, is a tremendous reserve of positive practical experience for our country.

However, there arises a very important question, in respect of which there are in the book, we believe, many contradictions and insufficient clarity--concerning the commensurability of use values. "The assertion that comparing (putting together) commodities of directly heterogeneous purpose is

impossible" is absolutely pointless (p 57), the author writes. He believes that at the present time the problem facing science "is not whether it is possible or not or necessary or not to measure use value. It is a question of the application of fundamental scientific research... for the elaboration of methods of measuring use value on the basis of which it is possible to determine the scientifically substantiated price of a product both in foreign economic relations and in planned pricing" (p 58).

So for establishing prices, Ye. Punin believes, a competent comparison of use values is perfectly sufficient. Is this so? It can be seen most manifestly here that it is proposed that a commodity's use value be made the main criterion and universal basis for the determination of its price. However, the author attempts to substitute for the basis--costs--something else--results.

It is at first sight logical and corresponds to the demands of the struggle against the expenditure mechanism. However, this approach to the formation of prices is oriented in the work toward their determination by some "objective" third aspect; the complex and multifaceted process of pricing here is reduced merely to qualimetric calculations, and the detachment of the consumer of this process is essentially maintained. Such an approach can hardly be considered correct. After all, value as the basis of price represents outlays which have trodden a complex and multifactor path of recognition by the consumer. Before becoming a value, these outlays have to be recognized as useful for society, that is, paid for by the customer. It is the customer (consumer) of an item who determines its utility, voting on each occasion in favor of it with payment from his own resources. Or, as K. Marx pointed out, "only within the framework of their exchange do the products of labor acquire a socially identical value objectively detached from their sensually different consumer objectivities" (K. Marx and F. Engels, "Works," vol 23, p 83).

The problem of comparison of use values itself would not appear as difficult as ensues from the book. The use values of homogeneous commodities can and should be compared per the "vertical," that is, in terms of the degree of satisfaction of a requirement: the higher the quality, the better the parameters, the more fully a requirement is satisfied, the higher the price. A comparison of commodities of diverse purpose per the "horizontal," that is, indirectly, is not possible. An intermediary--a universal equivalent, money--is needed here.

However, technical progress is engendering such products and such demands on products that even in the plane in which commodities may be indirectly compared, this comparison becomes a highly complex problem. It is frequently very difficult and sometimes impossible to compare technically intricate products with one another in terms of one-two parameters. A comprehensive analysis is needed. And here also (Ye. Punin is absolutely right) managing without qualimetrics is impossible. However, a qualimetric measurement far from exhausts the tasks of pricing and does not as a result produce a finished price.

A confusion of the roles performed in pricing by such categories as value and use value led the author to invent dubious, we believe, terms--"abstract commodity," "price of an abstract commodity" (p 14). It leads him to a search

for methods of expressing labor expenditure via the results of labor (p 19), the "average world use value level" concept (p 25) and the conclusion that "market value and the world standard of the quality of a commodity formed on the basis thereof determine its market price" (p 26).

The monograph also contains other highly contentious and contradictory points. Thus, for example, national and international conditions of pricing are confused in the analysis of monopoly world prices (p 83).

Despite the attempts to comprehensively encompass the very extensive and complex sphere of pricing in world trade, the author did not, unfortunately, deem it necessary to study a whole number of important questions: the current state of the world market as the background against which these prices are formed and operate; changes in the commodity structure of world trade and its connection with pricing; the fundamental and increasingly intensifying differences in the formation of the price of raw materials and finished products; problems of rent relations in world trade, which have been extraordinarily pertinent in the last 15 years; the influence of currency-finance changes on world trade prices and their dynamics and correlations.

Little is also said in the work about the prospects of pricing and the qualitative aspects of this process under the conditions of the growth of the interrelationship and interdependence of individual countries and the increased influence on the formation of world prices of the TNC and technological and ecological changes. All this shows how extensive and multifaceted is the subject chosen by Ye. Punin and how many aspects therein remained to be revealed.

The readers have acquired a book in which many of the propositions are contentious. Is this good or bad? If we proceed from the fact that truth is born in argument, good, certainly. However right or wrong the author or his opponents, it is important that the study has raised extraordinarily pertinent questions of pricing. Their continued discussion will undoubtedly lead ultimately to the correct conclusions.

FOOTNOTE

- * Ye.I. Punin, "Tsenoobrazovaniye v mezhdunarodnoy trgovlye. Teoriya i praktika formirovaniya tsen v usloviyakh NTR" [Pricing in International Trade. Theory and Practice of Price Formation Under the Conditions of the S&T Revolution], Moscow, "Mezhdunarodnyye otnosheniya", 1986, pp 280.

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NEW BOOKS ON INTERNATIONAL TOPICS

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 6, Jun 87 (signed to press 18 May 87) pp 147-150

[Text] Accommodating readers' numerous wishes, we are increasing the amount of information on literature published in the journal's subject range. As of this issue we will begin publishing regular bibliographical surveys and reports on new books.

What is impeding the development of the capitalist states' trade and economic relations with the Soviet Union? How did they reflect the sharp intensification of the anti-Soviet focus of the United States' foreign policy at the frontier of the 1970's and 1980's? How are bourgeois theorists attempting to justify the use of the "economic weapon" in the struggle against world socialism? The reader will find competent answers to these and other questions in the work by S.L. Kambalov, "Economic Weapons of the Imperialist 'Policy of Strength'" (Moscow, izdatelstvo "Mezhdunarodnyye otnosheniya", 1986, pp 160). Analyzing the policy pursued by the West of economic blackmail and the practice of use of economic levers of pressure on the USSR (embargoes, sanctions, export controls and so forth), the author shows convincingly the futility of such a policy, which is contrary to the objective demands of international economic life and the development of cooperation between all states.

The phenomenon of the conversion of a number of developing countries proceeding along the capitalist path into exporters of capital in entrepreneurial (investment) form is an insufficiently researched occurrence. And, indeed, it seems paradoxical that capital is being exported from countries which are at relatively early stages of the development of capitalist relations, far from the monopoly phase and, as a rule, experiencing financial starvation. If we exclude the special instance of the Near East oil-exporting countries, typical of the developing world--at the national economic (macroeconomic) level--is not an overaccumulation but, on the contrary, a chronic shortage of capital. However, despite this, the number of international companies from the former colonies and dependent countries and territories, judging by regular surveys of the activity of the TNC prepared by UN experts, is growing steadily. In the first such survey (1973) they numbered only 2 out of 211 (1 percent), in the second (1978), 11 among 422 (2.6

percent), in the third (1983), 17 among 382 (4.5 percent). The reader will find an explanation of this phenomenon in A.V. Bereznoy's book "International Companies of the Developing Countries (Foreign Expansion of National Entrepreneurial Capital)" (Moscow, Glavnaya redaktsiya vostochnoy literatury izdatelstva "Nauka", 1986, pp 203).

Many years ago Nelson Rockefeller, a member of the best-known financial dynasty in the United States and beyond, spoke in almost Marxist fashion: "The foreign policy of any country can only be a reflection of its domestic policy." The mechanism of the elaboration and implementation of the foreign policy of the most important imperialist power is very carefully hidden from the outsider's gaze. There is no easy path to an understanding of such a secret, so jealously guarded by the American ruling class, as the functioning of this mechanism. Only by having gropingly untangled some of its knots and carefully reconstructed them into a whole is it possible to understand the interior springs of the behavior of this U.S. government or the other on the international scene. Such a reconstruction is effected in R.S. Ovinnikov's work "Zigzags of the United States' Foreign Policy. From Nixon to Reagan" (Moscow, Politizdat, 1986, pp 400). The author spent many years in performance of his duties in the United States and shows in his interesting monograph how Washington's foreign policy has been made under the last four presidents. The book is informative and is written in clear, colorful language.

R.Sh.-A. Aliyev's monograph is devoted to the same subject, but with reference to another bourgeois state. "Japan's Foreign Policy in the 1970's-Start of the 1980's (Theory and Practice)" (Moscow, Glavnaya redaktsiya vostochnoy literatury izdatelstva "Nauka", 1986, pp 312). The book is in two parts. The first studies the process of the formation and elaboration of foreign policy, determines Japan's place in the modern world and analyzes the concepts and doctrines which are the ideological-theoretical basis of this country's activity in the international arena. The second investigates Tokyo's foreign policy practice and its main directions--the United States, West Europe, the Asia-Pacific region; relations with the USSR and the PRC are examined. We would call attention particularly to the author's theoretical observations contained in the book concerning questions of the conceptual apparatus of the science of international relations and foreign policy. R. Aliyev rightly believes that there has long been an objective need for a regulation of the scientific categories in these branches of learning. And, truly, international affairs scholars frequently encounter one and the same term reflecting different concepts and vice versa--one and the same concept being expressed in various terms. Thus various interpretations are still being discovered in literature of such key categories as "foreign policy" and "international relations". The author's attempt to provide his own definition of the general concept of the foreign policy process, with which he begins his analysis of the diplomacy of the Land of the Rising Sun, is of interest in this connection.

From the missionary discovery of China in 1807 to the visit of the present U.S. President to Beijing in April 1984--such is the historical canvas of Vladilen Vorontsov's book "Missionaries and Their Successors: Changes in U.S. Policy in Respect of China" (Moscow, Politizdat, 1986, pp 239). As is known, a process of the normalization of American-Chinese relations began in the

1970's, following R. Nixon's trip to the PRC and the signing of the Shanghai Communiqué (1972). The United States has been propagandizing extensively the myth of the "nobleness" of the aims of the American missionaries, who hypocritically concealed the policy of plunder with the spreading of Christianity. In addition, the authors of many works which have appeared since the restoration of diplomatic relations between Beijing and Washington wish to show that the United States has always had a desire "to contribute to the creation of a united and independent China" and "to act only for the good of the Chinese people". The author of the book in question demolishes such assertions. It is sufficient to recall the peripeteias of Washington's China policy since WWII. Nonacceptance of the revolution and the PRC, which was created as a result, support for the bankrupt Chiang Kai-shek regime, aggression against the DPRK, which represented a direct threat to people's China--these are just the main landmarks of this policy, which goes back to the "beneficent" activity of the American missionaries. The reader will also find in V. Vorontsov's book information on the state of the Christian Church in the period of the "cultural revolution" and at the present time.

Some 1,205 book publishers, including the 50 biggest publishing 70 percent of the books; 1,760 daily newspapers with a total circulation of 61.5 million copies; 37,000 journals, including 50 with a circulation over 1 million copies; a ramified network of television and radio stations (including cable television), 121 million television receivers, 425 million radio receivers and 1.1 billion moviegoers annually--such is the scale of the aggregate news media in the United States. The income from advertising alone in this sphere amounted in 1983 to \$35 billion. The "advertising pie" was distributed as follows: \$16 billion were received by newspaper companies, \$12 billion by television stations, \$4 billion by the owners of radio stations and \$3 billion by the proprietors of journals. How the mass information system functions in the United States and what role it performs in American society are described in N.P. Popov's book "The Image Industry. Ideological Functions of the Mass Media in the United States" (Moscow, Politizdat, 1986, pp 144).

The work of L.M. Entin and M.L. Entin, "Political Science of Development and the Emergent Countries. Critique of Non-Marxist Concepts" (Moscow, Glavnaya redaktsiya vostochnoy literatury izdatelstva "Nauka", 1986, pp 280), which was prepared in the USSR Academy of Sciences Africa Institute, is devoted to an analysis of the vast amount of foreign literature on sociopolitical problems of the developing states. A tremendous number of monographs and even more articles in specialized periodical publications overseas have been published on these problems. Critically interpreting the entire mass of publications is a far from simple matter. The authors of the book in question have taken the path of an evaluation of the ideological-political positions of both Western political scientists and scholars from emergent countries. On this basis they have distinguished three directions in non-Marxist development concepts--conservative (including rightwing conservative), liberal and radical-left. As the book itself observes, the classification is of a conditional nature to a considerable extent. But it provides a general idea of the main directions of non-Marxist political thought in connection with study of problems of the sociopolitical development of the emergent countries. Together with an analysis and evaluation of the different concepts, whose authors attempt to reveal the causes of the dependence and backwardness of the developing states,

the book makes a critical survey of certain futurological works of bourgeois scholars, including reports of the Club of Rome.

And to conclude our survey we would notify the reader of the publication of the reference work "The State of Israel" (editorial board: V.V. Benevolenskiy, R.N. Andreyanov, N.G. Kalinin, O.V. Kovtunovich, V.I. Nosenko, Moscow, Glavnaya redaktsiya vostochnoy literatury izdatelstva "Nauka", 1986, pp 276). The work, which was prepared by the USSR Academy of Sciences Oriental Studies Institute Israel Department, provides, together with information on the country and the population, a competent, scientific analysis of the history of the creation of this state and the sources of its present aggressive course, ideology and foreign and domestic policy and the state of the economy and culture. The reader will find in the book detailed information on the state system, social and political organizations, including political parties, labor unions and also the army, and the activity of Israel's special services. The reference work contains numerous tables reflecting changes in the national, social and occupational composition of the population and the development of the economy; the appendix includes tables on the dynamics of the numbers of the Arab and Jewish population of Palestine (1919-1946), immigration and the buying up of land by the Jewish community (1919-1948) and American military assistance (1948-1983).

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